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ABSTRACT

The 15th publication in a series of subject presentations in the field of administrative management for use by educators and businessmen who teach management courses is presented. These presentations are intended to be particularly useful to Distributive Education in the smaller community where library research facilities are limited and equipment for the production of visual aids is not readily available. The lecture is designed to be presented to the businessman in nontechnical language. The Lesson Plan is an outline of the material covered which may be used as a teaching guide. The Presentation may be used as written or modified to meet local needs and conditions. The Visual Aids are photographic copies of the set of visual aids which are available for this topic. These visuals are 8- by 10-inch colored transparencies prepared for use on overhead projectors. The Supply Department contains materials which may be reproduced locally for distribution to course participants. Cases in Point are short actual small-business management cases which may be used to augment the presentation and to develop discussion. The Incubator contains ideas for stimulating further thought and discussion by the participants. A bibliography and list of Small Business Administration field offices are included. (CK)

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SOURCES OF ASSISTANCE AND INFORMATION

ADMINISTRATIVE MANAGEMENT COURSE PROGRAM

Topic 15

SMALL BUSINESS ADMINISTRATION

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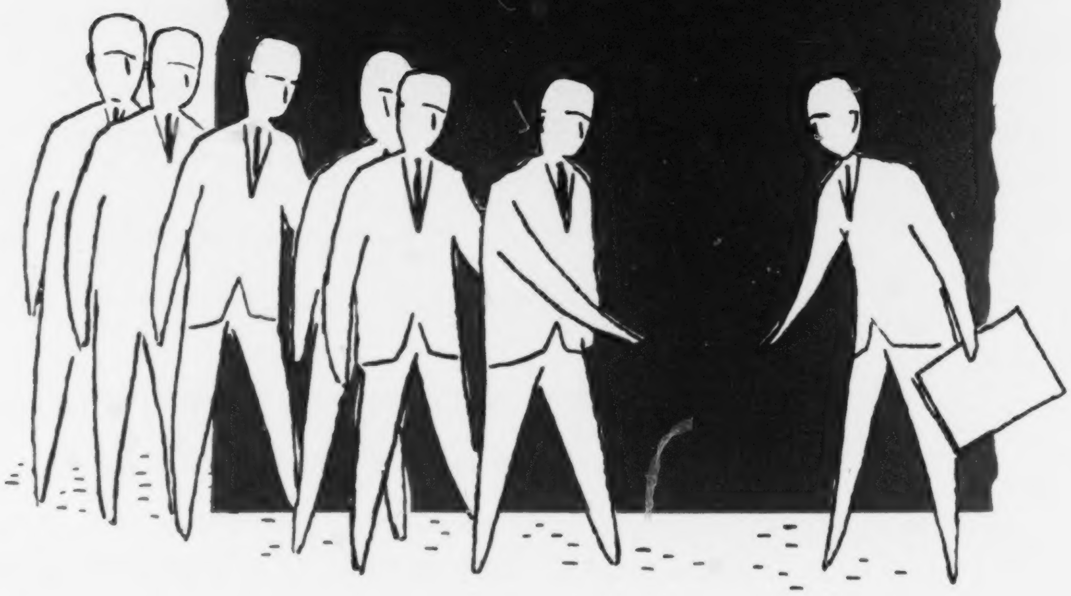
SOURCES OF ASSISTANCE AND INFORMATION



ADMINISTRATIVE MANAGEMENT COURSE PROGRAM

Topic ⑮

Small Business Administration
Washington, D.C. 20416 1965

SMALL BUSINESS ADMINISTRATION

PROCUREMENT AND MANAGEMENT ASSISTANCE

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FOREWORD

The Administrative Management Course Program was developed by the Small Business Administration in cooperation with educational institutions to bring modern management knowledge and techniques to the owners and managers of small businesses. Within 10 years nearly 900 universities, colleges, and local school systems have cosponsored almost 4,000 courses with this Agency. Over 110,000 owners and managers of small businesses have attended these courses. Distributive Education, working through the local school systems, has accounted for about one-third of these totals.

This is an outstanding demonstration of public spirit and service on the part of these hundreds of educational institutions. Yet, there remain many thousands of small-business owners and managers who have never had the opportunity to attend an administrative management course.

A committee on management education, consisting of representatives of the Small Business Administration and the Distributive Education Division of the American Vocational Association, was formed to study ways of meeting the small-business management needs of the small communities and very small businesses in poverty areas. The committee recommended that a series of subject presentations, including lesson plans, lectures, visual aids, case studies, and handout material, be developed to assist in the establishment of administrative management course programs in new locations. Further, it was felt that this material could substantially assist existing management programs, particularly by emphasizing the importance of continuing education for small-business owners and managers, and by assisting the busy instructor with his preparation.

SBA accepted the responsibility for developing a series of subject presentations in the field of administrative management for use by educators and businessmen who teach these management courses. We believe that these presentations will be particularly useful to Distributive Education in the smaller community where library research facilities are limited and equipment for the production of visual aids is not readily available. They will also assist community planning groups in implementing the educational provisions of the Economic Opportunity Act of 1964.

The booklet was prepared for the Management Development and Training Program. I wish to express appreciation to the Richmond Public Schools System for granting leave of absence to John O. Perreault, who drafted the booklet. The final version was correlated under the administrative direction of George C. Willman, Jr., Program Manager. Artwork for the cover was prepared by Michael J. Fontana of the Graphics and Design Branch, Office of Administrative Services.

Irving Maness
Deputy Administator

NOVEMBER 1965

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*A set of the visual aids is available from the nearest SBA office (see inside back cover). These visuals are 8- by 10-inch colored transparencies for use on overhead projectors.

**Among the materials prepared as "handouts" to participants are several SBA free publications. Current information on the availability of suggested and new SBA publications may be obtained from the nearest SBA office.

A WORD ABOUT THIS SESSION

This publication, one of a series, is directed toward teaching management skills to the small-business man. When the term "management" is used, it refers to administrative management functions rather than to purely operational features of business. The complete set of subject presentations may be obtained on loan from the nearest Small Business Administration field office (listed on the inside back cover). Single booklets or complete sets may be purchased from the Superintendent of Documents, Washington, D.C. 20402.

This topic, *Sources of Assistance and Information*, was prepared to aid in teaching one session of a basic course. It contains sufficient material for a 45- to 60-minute lecture which is usually followed by a discussion period. The management case on page 55 can be used to extend the session or to form the basis for a second session on the topic.

The lecture is designed to be presented to the businessman in nontechnical language. It is *one* approach to teaching the sources of assistance. Instructors will probably prefer to modify or revise the lecture in order to use their personal background and experience in the subject area. They may also find it preferable to alter the topic to take account of the training or special needs of their class participants.

This topic may be handled by a librarian, a management consultant, or another whose training, experience, and interest qualify him. *Guide for Part-time Instructors, Distributive Education for Adults*, a publication of the U.S. Office of Education, may prove useful to local instructors.

The various sections of the publication are separated by divider sheets of different colors. On the following page, these colors are given and the contents of the sections are briefly described.

Gray—*The Lesson Plan.* An outline of the material covered which may be used as a teaching guide, or as a framework for developing an individualized presentation. The lesson plan contains two columns: the left-hand column is an outline of the presentation; the right is a step-by-step indication of procedure, including chalkboard suggestions, quotations, discussion points, and keyed guide to the visual aids supplied.

Rust—*The Presentation.* A carefully prepared subject presentation which may be used as written or modified to meet local needs and conditions. It may also be used as a source of information by a person preparing his own lecture.

Buff—*The Visual Aids.* Photographic copies of the set of visual aids which are available for this topic. These visuals are 8- by 10-inch colored transparencies prepared for use on overhead projectors. The subject presentation and lesson plan are keyed to the visuals. A set of visuals for each subject in this series may be borrowed from the nearest SBA regional office.

Green—*The Supply Department.* Materials which may be reproduced locally for distribution to course participants. Your nearest SBA office can furnish information on current availability of SBA free publications, including titles published subsequent to this volume.

Yellow—*Cases in Point.* Short actual small-business management cases which may be used to augment the presentation and to develop discussion, or as the basis for a second session on the same topic.

Blue—*The Incubator.* Ideas for stimulating further thought and discussion by the participants. This material may be reproduced locally for distribution to course participants. "Assignments" are designed to aid in retention of the subject matter of the session.

Note: See back cover for index reference to the divider sheets.

THE LESSON PLAN

A Keeping on Target

Section

[illegible]

[illegible]

[illegible]

STIMULATE GROUP BY SERVING AN INSTRUCTIONAL COCKTAIL

RECIPE

Use The Three B's (Bubbles)

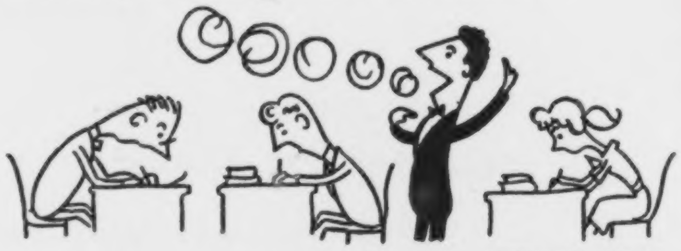
- ○ ***Base*** instruction on problems at learners level.
- ○ ***Blend*** instruction with job experience.
- ○ ***Brighten*** instructions with variety of ***illustrations, investigations*** and group ***participation.***

FOUR BASIC STEPS OF INSTRUCTION

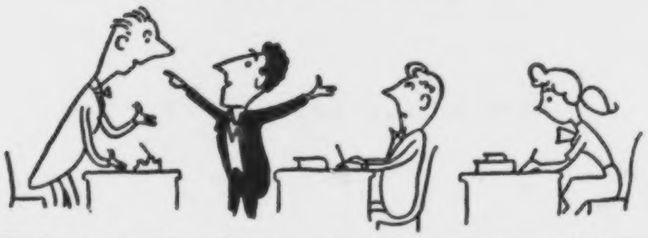
Instructing is like selling - -

Selling	**Instructing**
1. Approach customer	1. Prepare the group
Promptness	Start on schedule
Put at ease	Put group at ease
Awaken ***interest***	***Awaken*** interest
2. Present merchandise or service	2. Present information
Select merchandise to fit need	Gauge material to needs
Show one item at a time	Present one point at a time
Demonstrate ***selling points***	***Show, illustrate, question***
3. Have customer take part	3. Have group participate
Get merchandise into customer's hands	Get group to ***discuss***
Let customer "try on" merchandise	Have members ***demonstrate*** or ***use*** ideas
Answer questions and meet objections	Answer questions and correct errors
4. Bring sale to close	4. Bring meeting to a close
Help customers decide; ask:	Check on understanding; ask:
"which"	"why" "how"
"for whom"	"when" "what"
"when"	"where" "who"
Be sure merchandise fits need	Be sure group now can use information
Summarize points of care and use	Summarize "take away" ideas
Handle mechanics of sale	Make a definite conclusion
Pave way for return visit	Pave way for next session

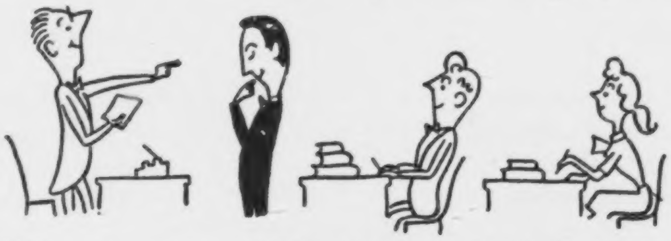
How To Deal With "Difficult Customers"



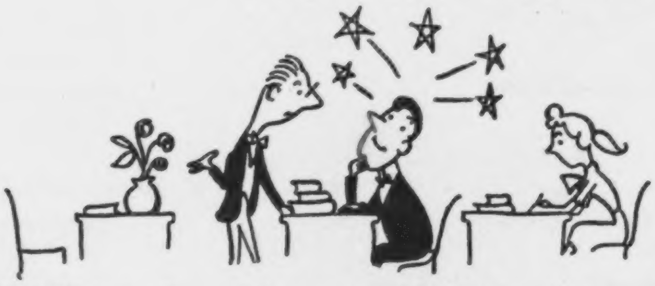
	What To Do
THE "MOUTH"—wants to do all the talking.	Take the play away from him by asking others to comment on his remarks. Deliberately turn to others and ask for their opinions. Avoid looking at him. Tactfully ask him to give someone else a chance, or talk to him in private.



THE "ARGUER"—constantly tries to catch you up.	Keep cool. You can never "win" an argument. Always make him back it up. Ask for evidence. Avoid getting personal. Refer the question to the group and then to him.



THE "MOUSE"—is in every group.	Call him by name and ask him for an opinion. Ask him an easy question he is sure to answer well, then praise him. This person is worthy of your attention.



THE "SO-WHATER"—is disinterested.	Point up something he has done as a good example of the point being stressed. Ask direct questions affecting his work.

LESSON PLAN

TOPIC: SOURCES OF ASSISTANCE AND INFORMATION

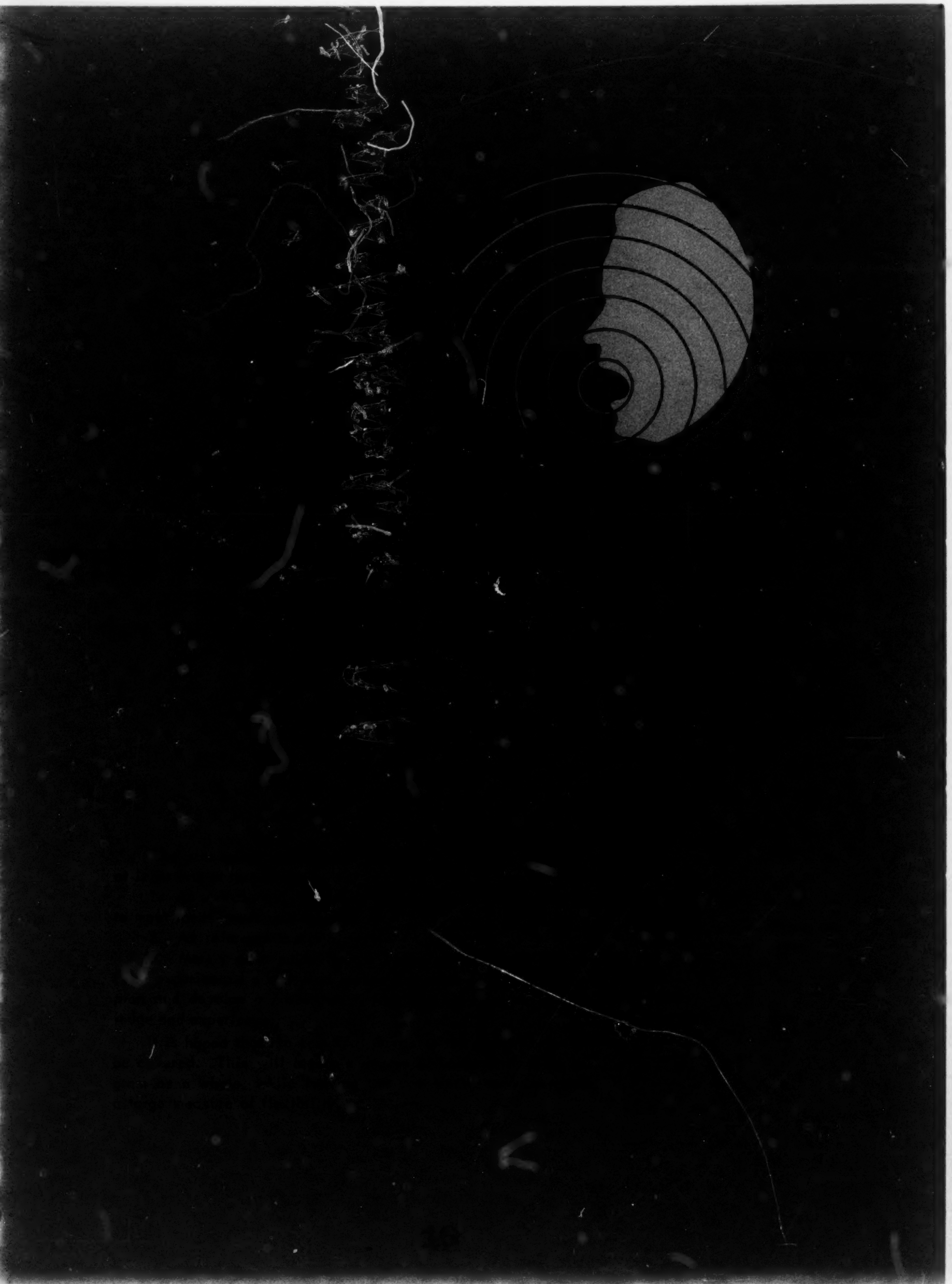
OBJECTIVES: To point up the need for and use of business information and assistance by small businessmen.
To identify ready sources of outside information and assistance.
To evaluate the effectiveness of various types of outside aid.

SESSION CONTENT	TIPS AND APPROACHES
I. INTRODUCTION	Use Ben Franklin anecdote or other appropriate opener.
II. BUSINESSMEN'S NEED OF ASSISTANCE	Discuss.
A. Big business assisted by: 1. Law firms 2. Certified public accountants 3. Management consultants 4. Trade associations 5. Other sources	
B. Small business needs outside assistance: 1. Limited management ability 2. Limited time 3. Limited experience 4. Limited internal resources	Discuss, using Visual No. 15–1.

III. KINDS OF INFORMATION NEEDED	Visual No. 15–2; discuss each factor.
A. Facts	
1. Financial 2. Production 3. Marketing	
B. Advice	
1. Evaluating data 2. Relative importance 3. Objectivity	
C. Guidance	
1. Defining problem 2. Isolating facts 3. Reaching decision	
D. Making a decision	
IV. 5 STEPS OF PROBLEM SOLVING	Visual No. 15–3.
A. Define the problem	
B. Define expectations	
C. Develop alternate solutions	
D. Choose solution and act	
E. Provide trial period	
V. MAJOR SOURCES OF INFORMATION—Part I	Visual No. 15–4.
A. People	Visual No. 15–5; use progressive disclosure technique.
1. Employees 2. Customers 3. Suppliers 4. Other businessmen	

B. Professional men	Visual No. 15–6; use progressive disclosure technique.
1. Bankers 2. Accountants 3. Management consultants	
a. 8 pointers on choosing consultants b. 7 cautions concerning consultants	
4. Lawyers	
a. Provide valuable assistance on—	
(1) Organizing a business (2) Tax matters (3) Local, State, and Federal regulation of business (4) Labor problems	
b. Small businessmen's unfamiliarity with laws	
VI. BE RECEPTIVE TO NEW IDEAS	Visual No. 15–7.
A. Your greatest asset—yourself	
B. Modernize yourself with new ideas	
1. Follow up new ideas 2. Sources of ideas	
VII. MAJOR SOURCES OF INFORMATION—Part II	
A. Educational institutions	Visual No. 15–8; use progressive disclosure technique.
1. Administrative management courses	
a. Balanced program b. Manager-employee programs	Distribute Handout No. 15–1.

2. Distributive education	Visual No. 15–9.
a. Function b. Objectives c. Programs	
3. Bureaus of Business Research	
B. Business groups	Visual No. 15–10; use progressive disclosure technique.
1. Chambers of Commerce 2. Community business development councils 3. Credit bureaus 4. Better Business Bureaus 5. Associations of businessmen 6. Special libraries and information centers	
C. Government agencies	Visual No. 15–11; use progressive disclosure technique. Briefly mention representative services of various agencies; also mention appropriate State and local agencies.
1. Federal government agencies 2. State and local agencies	
D. Publications	Visual No. 15–12; use progressive disclosure technique.
1. Government—Federal 2. Government—State and local 3. Universities 4. Research institutions 5. Newspapers, consumer magazines, and trade papers 6. Directories, bibliographies and checklists	
VIII. SUMMATION	Handout Focal Points No. 15.



SOURCES OF ASSISTANCE AND INFORMATION

INTRODUCTION

Ben Franklin once said, "They that will not be counseled cannot be helped. If you do not hear reason, she will rap you on the knuckles." This sage observation is borne out time after time in the field of commerce.

BUSINESSMEN'S NEED OF ASSISTANCE

Despite the fact that "big business" is sometimes characterized by its wealth of internal talent, the corporation executive is still lost in the role of one seeking aid and counsel. There is no room today in either large or small business for the "know-it-all, need-no-advice" type of executive. Our great corporations frequently have a small army of specialist vice presidents whose primary function is to back-stop management. These specialists are prepared by training and experience to handle anything from locating a new outlet to settling legal involvement.

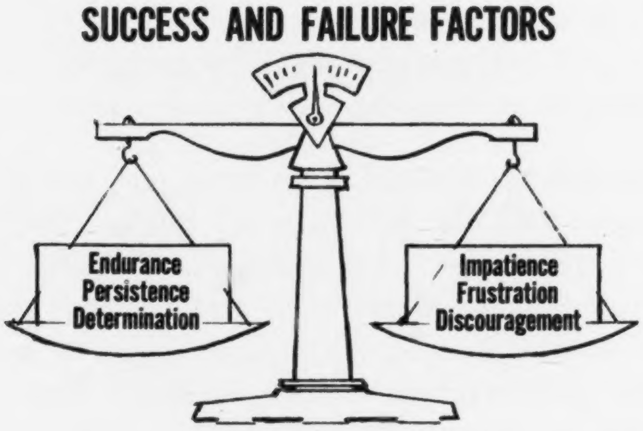
This is what is sometimes referred to as "management in depth." Even with such internal resources available, mistakes are made. Probably because of the size and scope of the organization, such failures can be absorbed by the corporate body, and the subsequent shock distributed and resisted; yet in order to further reduce the margin of potential error, big business looks to and accepts all kinds of direction, information, and help from outside sources. Law firms, certified public accountants, management consultants, industry committees, and government are but a few of the resources that the "big boys" frequently call in to take a critical look at both administrative and operating practices.

The small-business man, on the other hand, does not generally have a wealth of specialized management assistance talent within his firm. In some instances, too, he is his own board of directors, making all decisions and being forced to live with them—for better or for worse. Moreover, because of limited resources, he generally cannot afford even a single costly mistake.

Thus there evolves what appears to be a paradoxical situation. The business that can best afford the cost of error maintains a specialized, highly trained management, and the services of outside sources to resist it. Yet the man who can least afford to make mistakes must, all too frequently, depend upon his own judgments and devices to prevent failure. This is frequently the small-business manager's special dilemma. Year after year, analyses of business failures emphasize that lack of balanced management training and experience, or a lack of sufficient time to give attention to all the functions of management, accounts for more than 90 percent of the failures among small businesses.

In a study of small-firm growth and survival, the authors state:

> Quite typically, almost every failure exhibits several types of mistakes and errors in judgment. The circumstances under which some firms were initiated precluded success from the beginning, a few others made fatal managerial errors during the course of their operation, and yet others could have continued, objectively speaking, if the owners had not been overwhelmed by difficulties and crises that generally beset newly opened business. They lacked knowledge of what to expect and as a result were psychologically unprepared to cope with the problems.



Visual 15–1

> Frustration, impatience, and discouragement also played a role in a number of failures and caused owners to give up without having tested the potentialities of their businesses. By the same token, the opposite traits—determination, persistence, and endurance—were decisive variables for the survival of a number of firms, which, objectively, were in no better condition at the beginning than a number of those that failed.

This talk of failure might seem a somewhat negative approach to *Sources of Assistance and Information*, but the sad fact is that a significant portion of this high mortality percentage among small businesses could be avoided if owners, especially in the beginning period, would recognize the limits of their own experience, skills, and resources and turn to the sources of counsel, information, and assistance that can be theirs almost for the asking.

Unfortunately, very few small-business-owners seek or receive any expert advice. As far back as 1941, the National Economic Committee pointed out:

> The chance of a newcomer becoming an established member of the business community is sadly slight. He carries on until his funds are exhausted and then disappears from the scene. His place is taken by another hopeful, certain that his abilities will permit him to succeed where his predecessor has failed. . . . Unaware of the odds against them and largely ignorant of the weapons of trade, prospective proprietors march solidly into the ambush.

That this depressing picture still continues is an indictment either upon (1) our failure in informing the small-business man of the aids available to him, or (2) his unwillingness to accept counsel from a source not directly under his control. We strongly suspect that it is a combination of the two, interwoven with a sense of "I know what's best for my own business, and outside sources are too expensive and impractical." All too frequently, one suspects, the attitude is: "What I want from outsiders is capital, not advice."

If we could impress upon such a man the observation of Ben Jonson:

> No man is so wise that he may not easily err if he takes no other counsel than his own. He that is taught only by himself has a fool for a master.

Assuming that you are not content with your own internal skill, experience, or counsel, we would like to turn our attention to those sources outside your business that are readily available to you.

To use sources of assistance and information, you must—

1. Have a desire to seek them out.
2. Set aside time for your search.
3. Know where to look.

KINDS OF INFORMATION NEEDED

What kind of information does the small-business man frequently need and where does he get it?

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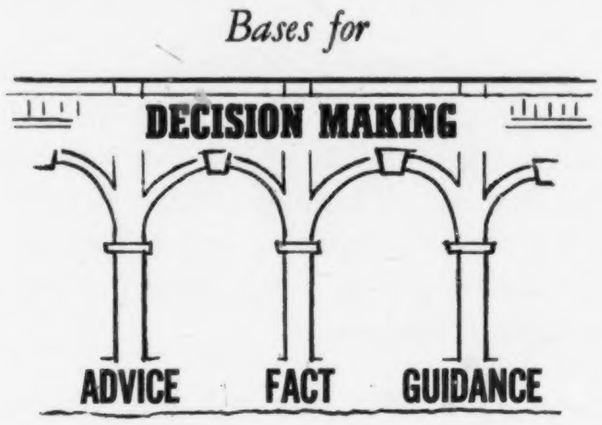
Facts

For example:

a. How do my sales compare with those of my competitors.
b. Are my sales increasing with the increase in personal income for the entire community.
c. Am I spending more, less, or about the same amount for advertising as my trade or industry.



Visual 15–2

Advice

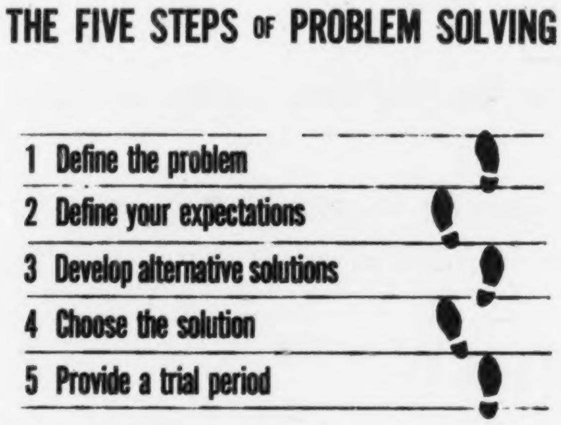
After facts have been gathered, they have to be evaluated. This is not an easy task. There may be several arguments on both sides of a question raised by facts. What is the relative importance of each? At this point, if it is possible to find someone else who has faced pretty much the same problem, his ideas may be very helpful. Naturally, you are not going to accept advice from just anyone. Your choice must be someone you know and can trust.

Guidance

Sometimes a problem is so indefinite it is hard to isolate and identify. Sales may be dropping and you can't determine why, or sales may be increasing, but expenses are going up more rapidly. Perhaps the market trend is away from your product or line of merchandise. What should you do? Advertise more? Drop the line? Here you need guidance from people who are experienced with these particular problems—from those whose experience is broader and deeper than your own. Who are they? Where are they? What will their services cost?

Making a Decision

Once the information is available, you can make a decision. Experience tells you that you must make your own decisions. They cannot be made for you. But even though you must render the decision, there is the very important factor of timing so as to do the most good. There is a right and a wrong time to do things. The success or failure of your business can depend on the timing and quality of your decisions. Decision making is not a hocus-pocus process that depends on inspiration from outer space. It is a systematic procedure that often combines prayerful consideration with energetic digging.


THE FIVE STEPS OF PROBLEM SOLVING

1 Define the problem
2 Define your expectations
3 Develop alternative solutions
4 Choose the solution
5 Provide a trial period

Visual 15-3

FIVE STEPS OF PROBLEM SOLVING

You may want to recall the five steps of the decision-making process:

(I) Define the problem.

What kind of a problem is it—production, personnel, finance, promotion?
What is its most critical factor?
When must a solution be rendered?
Why do we have to get a solution?
What will it cost to solve the problem?
What will our cost be if we don't solve it?

(II) Define expectations.

What sort of situation will result when we solve this problem?

What will be the effect on staff, customers, suppliers, etc.?

Is this better than we have now?

(III) Develop alternate solutions.

Is there more than one solution?

Can the problem be solved from within or must we look beyond the limitations of the firm itself?

Which alternate is most economical, most judicious, most effective, fairest to everyone concerned?

(IV) Choose the solution and carry out the decision.

Which of the alternate solutions has the most factors in its favor?

Which will get the most support?

(V) Provide a trial period.

Set up a limited time to test the chosen solution.

Evaluate it, in the light of consequences, for its actual effectiveness.

You will undoubtedly agree that you can make better use of these steps if (1) you turn to others who are well informed on the facts, (2) seek out alternate solutions, and (3) decide on a course of action based on trial or experience.

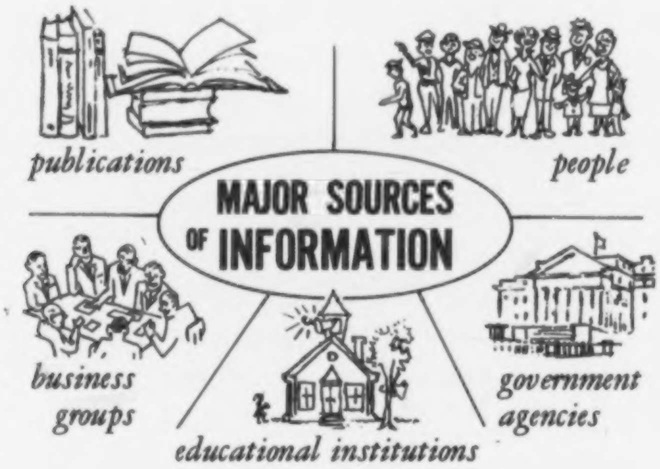
MAJOR SOURCES OF INFORMATION—PART I

Let us consider some of the sources of this invaluable ingredient called information. Generally speaking, there are 6 major sources:

1. People you meet any day.
2. Professional men such as bankers, lawyers.
3. Educational institutions, especially those having adult education, community development, or extension program operations.
4. Business groups and other associations.

22

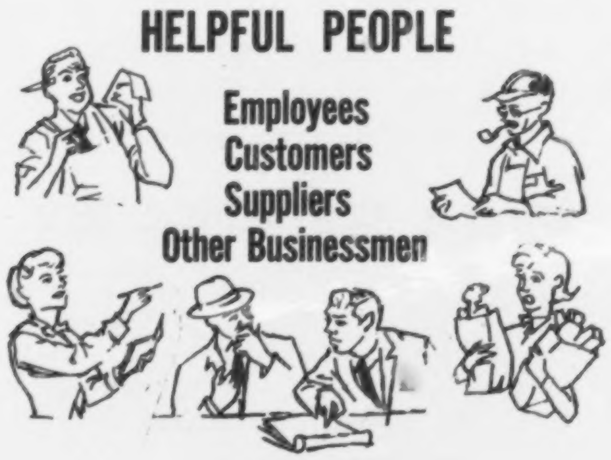
5. Government agencies that work with business.
6. Published material that comes to you.


publications
people
MAJOR SOURCES OF INFORMATION
business groups
educational institutions
government agencies

Visual 15–4

People

Every day of the week you meet a lot of people. Have you ever stopped to consider how many of them may have knowledge or information you could use?


HELPFUL PEOPLE
Employees
Customers
Suppliers
Other Businessmen

Visual 15–5

Employees.—Your own employees may have answers to problems if you would only ask them. For example:

> "Three people called today for a product you no longer carry."
> "The new metal is not taking heat as well as the old."
> "Your stock of a high-volume item is getting low just before a sales period."

If you let your employees know that you value their opinions and ideas and act upon some of them, they will keep you well informed on many points of value.

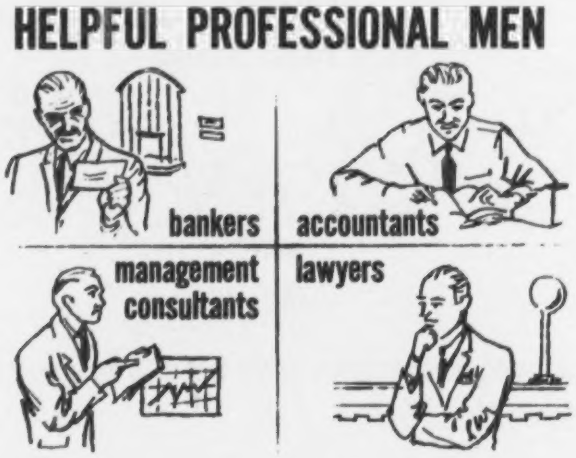
Some companies, even though quite small, establish a suggestion system and pay for the acceptable ideas of employees with small bonuses, an extra day off, etc.

Customers.—Do you ask your customers about products or services they have bought from you, or do you let sleeping dogs lie? Customers can give you sales ideas. They can suggest new and unique uses for your product or services. They can tell you your strong points or your competitive weaknesses. They can tell you how to improve your community services or your public image.

Suppliers.—Today, more than ever before, suppliers are trying to provide you with products that will sell in a competitive market. Their success depends upon your success. They want to help you sell so that you in turn will buy more from them. In addition to product and technical service, an increasing number of suppliers are qualified to offer you management information and assistance. Have you ever asked a salesman what his company can do for you that it is not already doing? Have you considered purchasing from suppliers who provide more than a product and a discountable invoice?

Other Businessmen.—How many other businessmen can you list as your personal friends? How many of these have solved the kind of problem you may be currently wrestling with?

How many of your business friends would be pleased if you were to turn to them for such counsel and help? You see these men at the post office, the chamber of commerce or retail merchants association meetings, at luncheon meetings, your church, the golf course, and many other places. If they don't know the answer to your problem, they probably know someone who does.



Visual 15–6

Professional Men

Bankers.—Your banker probably knows more about business conditions in your area than any other person. Bankers today are being trained in many phases of business management other than finance and are qualified to talk about many things in addition to profit and loss statements, balance sheets, and loans. Don't call your banker only when you want to borrow money.

Accountants.—The accountant is a professional man trained to analyze a firm's financial position, its expenses, and its profit and loss statement. Because of his wide exposure to similar business problems and the means used to solve them, he can suggest ways to improve your cash position or increase your profits. Accountants today are becoming more and more management-oriented. If you are not making maximum use of this major source of administrative and operational knowledge, we strongly urge you to do so regularly and frequently.

Management Consultants.—Some large management consulting firms have fees so great that they can only be retained by the bigger or more affluent companies. But there are hundreds of smaller firms that specialize in working for the smaller client. Most consultants specialize in problems stemming from labor relations, organization, location and layout, and the like. Practically all consultants are prepared to quote you a fee for your job once they know exactly what you want done. They are businessmen and you can and should regard them as such.

Here are some tips on selecting and using consultative services. You'll find it worthwhile to get answers to these questions:

1. How long has the consulting firm been in business?
2. What is the background of the principals (partners)?
3. What is the firm's financial status?
4. What companies has it served?
5. What do its clients say about the technical quality of its work?
6. How much of its business is "repeat" business?
7. How well does the firm get along with people—its own employees as well as outsiders?
8. How much time do the principals spend on the job?
9. Has the firm had experience applicable to your problems?
10. Has the firm got a recognized expert on your kind of problem?

And you may need a few cautions about choosing a consultant:

1. Beware the "high-pressure, sign-up-now" consultant.
2. Beware the man who promises results before he has had a chance to study the problem.
3. Avoid the fixed-fee consultant.
4. Beware the man whose services will depend upon your purchasing specific machines or merchandise.

5. Don't "pay in advance."
6. Have your consultant's proposal in writing as to what he intends to do.
7. Once you employ him, don't handicap your consultant by withholding information of an embarrassing nature or otherwise failing to cooperate fully in his efforts to identify and solve your problem.

Lawyers.—Naturally, you will turn to your lawyer on all legal problems as they arise. But your lawyer can do much more. He can help you avoid problems. And he can help you to take advantage of matters of law applicable to your interest.

As a lawyer, he may be of great and immediate value to your relation to tax legislation and the tax advantages that are available to you because of the size, nature, or organizational structure of your business. The average small-business operator overpays his taxes because he is unfamiliar with tax laws and regulations affecting such matters as depreciation and other deductible items. Your lawyer can also assist you in matters of zoning regulations and Federal and State regulations regarding your employees.

BE RECEPTIVE TO NEW IDEAS

In these days, when the ownership and management of a business is becoming more and more complicated and involved, one needs the counsel and direction of the knowledgeable people described. It will pay any business manager to get acquainted with them, determine what each has to offer, and make the most effective use of them. The result should be the making of better business decisions or the making of those decisions with greater ease and facility. They will give you more time to manage your business with the growing assurance that your decisions and actions are sound.

BE RECEPTIVE to NEW IDEAS . . .

Seek them out

Appraise them

Use them

Profit from them

Visual 15–7

Your Greatest Asset

Let us change our pace by asking you a direct question: What in your opinion is your greatest business asset? Is it a fine location? An excellent reputation? Low prices? Now without knowing what your business is, where it is located, or how long it has been established, we can venture to say that your greatest asset is yourself.

You can rent space. You can buy equipment or fixtures, you can hire personnel. You may even be able to create a public image. But you are stuck with yourself. Over the past 20 years, you may have put up a new building or a new store front, you may have bought modern fixtures or taken on a new line of merchandise—but what have you done to modernize yourself?

Only you can answer this question; but how you answer it will depend largely on the degree to which you look outward to the help and counsel of others.

Modernizing Yourself With New Ideas

If you were to introduce one new idea into your business each week for a year, you would revolutionize your business and probably increase your net profits a good deal. Of course, if you are satisfied with existing conditions, it will be pretty hard for you to accept new ideas from whatever source.

You can easily avail yourself of a continous flow of ideas, covering almost every aspect of business administration and operation. The Small Business Administration will provide you, for the asking, with any number of brief management aids and marketing aids which have been drawn up by business executives, consultants, accountants, and educators of national reputation. For instance, one publication called *Watch Your Cash* is only four pages long, but it is packed with ideas. Another is *Store Modernization Needs.* This time the inspection may seem less personal because it concerns the premises, not the manager. But if you start with the store front and windows, come in the front door, and look at your place of business through the eyes of a stranger, you may become aware of deficiencies that exist not in your premises, but in yourself.

Follow Up New Ideas.—New ideas are wonderful if you follow them up. New ideas are powerful if you put them to work. In fact, if you go back into the history of your own or any other business, you'll soon discover that the whole thing started when you or somebody else had an idea. Your job as manager is to keep up the flow of ideas. This is undoubtedly why you are participating in this series.

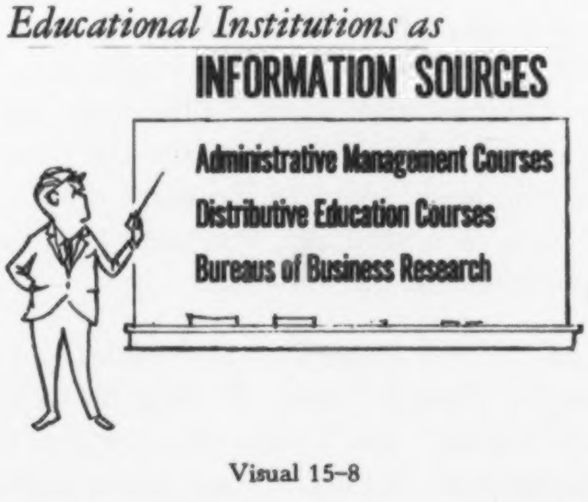
Sources of Ideas.—As we have seen, ideas can come from your employees, customers, suppliers, bankers, business associates, and others. But idea sources are not limited to people or agencies. There are many ideas contained in every issue of your local newspapers, in trade journals, or in general business publications. Of course, not every one of these ideas is pointed at you. You have to adapt an idea to fit your needs. But that's half the fun and challenge of it. If you didn't have to make such adaptation you wouldn't be a business manager, you'd be a messenger boy.

You may say that you are too busy to be bothered with all this reading; but the man who is too busy to acquaint himself with the latest management techniques is probably the man who most needs such an acquaintance.

MAJOR SOURCES OF INFORMATION—PART II

Educational Institutions

Administrative Management Courses.—The series in which you are now participating is an SBA cosponsored administrative management course. This course and others that will follow it in your community are designed to help you to understand and develop skills in management practices. By listening and discussing, and then by applying the ideas presented to your own management situation, you can profit both from the knowledge and experience of the various resource specialists and businessmen in this program. Not so long ago, we had a report that a small-business manager in Milwaukee who picked up an idea in one of our courses had developed $10,000 in new business before the end of the 10-week program.


Educational Institutions as
INFORMATION SOURCES
Administrative Management Courses
Distributive Education Courses
Bureaus of Business Research

Visual 15–8

A Balanced Program.—The administrative management course occupies a crucial spot in the framework of a comprehensive management training program. Among other things, it helps make the top man more aware of his own managerial limitations and that practical education can further help him. He also becomes aware that other members of his management team should have training appropriate to their levels of responsibility.

The following chart shows one direction that a balanced program of managerial training might take. (The instructor may also want to use the chart as a handout to course participants. See Supply Department Section.)

A course in	*Presents*	*From the viewpoint of*	*And is directed to*
Administrative management.	Overall administrative function.	Making policy.	The top man.
Specific phases of management.	Separate segments of management functions.	Developing executives or managers.	The top man and/or middle management group.
The management of a specific business.	Special functions and operational techniques of management.	Performance.	Specialized management personnel.
The establishment of a small business.	Basic management concepts of forming or operating a new business.	Fundamental training.	Persons new to management or anticipating it.

Manager-Employee Programs.—Among the desirable results of administrative management training is the practical value of the training itself. This practicability makes for a naturally direct relationship between the training of the top man and that of his employees.

Because small businesses are "small," their managers are sometimes inclined to feel that anything resembling formalized employee training is an impossibility. They may rely heavily on "on-the-job" instructional procedures and follow the trial and error pattern of training because they know nothing better. Their own administrative management training should dispel this impression. It should also point the way to improved training procedures even for the smallest business.

This is where educational institutions render great service. The functions of management evolve about problems relating to men, money, and markets. Adult education has already developed a full program of course offerings dealing with precisely these areas of training and directed to the employee or operational viewpoint. Courses in, for example, salesmanship, human relations, customer service, merchandise or product information, advertising, and display are counterparts of management training programs in sales management, personnel relations, sales promotion management, etc. A comprehensive management program seeks to inform management of availability of such employee training in his community.

Distributive Education

Distributive Education is the active partner in the resource team that brings you the administrative management program. DE is a program of the public schools aimed at improving standards and practices in business. Your DE coordinator is a person with whom you should have more than a nodding acquaintanceship. DE can bring you:

1. Training for your present and future key employees.
2. Supervisory training for department heads and their assistants.
3. Administrative management courses like this.
4. Specialized short courses, clinics, and institutes on virtually all phases of management or marketing operations.
5. Individualized consultation.
6. A clearinghouse of business information and resources.

The six aids that **DE** *brings you*

1. Employee training opportunities
2. Supervisory training
3. Administrative management courses
4. Special short courses
5. Individual consultation
6. Clearinghouse of information

Visual 15–9

Bureaus of Business Research

Last to be considered, but never to be overlooked, are local higher educational institutions. These have training at all levels. Particularly notable are colleges having Bureaus of Business Research, which often have consultative services and sponsor business community studies.

BUSINESS GROUPS

Finally, we should speak briefly about two other sources of management information; the first—business groups.

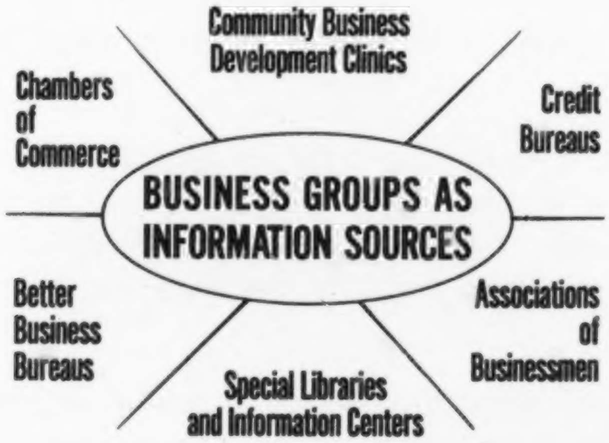
The National Cash Register Co. has invaluable information in such areas as window display, layout and design, selling, etc.

Dun & Bradstreet branch offices have information on ratios, credit and management practice.

Chambers of Commerce

In a sense, a chamber of commerce is a trade association located in a geographical center serving all the businesses and businessmen operating in the area. It has the city, metropolitan area, or county as its center of interest. You will get as much out of your chamber of commerce as you put into it. By identifying yourself with the community, you become acquainted with other businessmen—many of whom can contribute to the sucess of your business.

Sooner or later almost everyone in a town goes to his chamber of commerce. It acts as an information depository for many Federal, State, and local agencies and organizations. If someone at the chamber office can't answer your question, it is fair to assume that they will know where to get the answer.


Community Business Development Clinics
Chambers of Commerce
Credit Bureaus
BUSINESS GROUPS AS INFORMATION SOURCES
Better Business Bureaus
Associations of Businessmen
Special Libraries and Information Centers

Visual 15–10

Trade Associations

There are more than 2,000 national trade associations in the United States. Each of you probably belongs to at least one of them. Few members, however, get all the information and assistance their associations are ready, able, and eager to provide. Most trade associations hold regular meetings where you can meet and talk with others in the trade. They issue bulletins and journals with up-to-theminute details on trends and practices in the industry. Some trade associations make expense studies and carry on other technical or commercial research. Most all keep members posted on legal matters and pending legislation that affects them.

Among the varied services available to the small-business man through his trade association are the following:

1. Promoting better accounting and recordkeeping methods and sometimes providing these services.
2. Sponsoring industrywide meetings and developing leadership from within.
3. Operating a liaison service between Federal and State governments and the industry.
4. Providing publicity and public relations programs for the industry and advice and help in public relations for individual members.
5. Fostering industrywide technical research.
6. Maintaining labor relations services.
7. Training employees of member companies (frequently in cooperation with Distributive Education or the Small Business Administration) in clinics, seminars, demonstrations, institutes.
8. Acting as an information and publications clearinghouse.
9. Reporting credit information, and securing savings on insurance purchases.

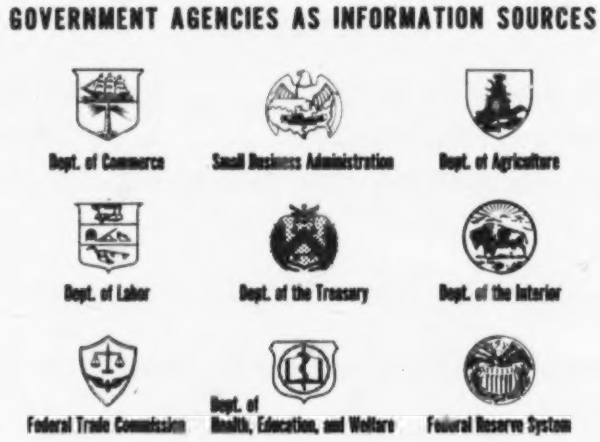
All of these services are available to the small-business man at an almost nominal cost. Typically, dues for trade associations run to a fraction of 1 percent of a member's annual volume. Considering the services rendered, the forward looking small-business manager should consider this slight expense an investment in the future of his company.

(The instructor will want to develop, in similar fashion, short discourses on the other business groups mentioned in the Lesson Plan outline for this section. He will want to give most of his attention to the groups active in his own particular community, for it is they which will be of most immediate help to the local small-business men.)

GOVERNMENT AGENCIES

Specific services can be rendered by Government agencies:

The Post Office Department is a source of information about mailing rates and efficient internal operations in the matter of mail cost reduction, etc.


GOVERNMENT AGENCIES AS INFORMATION SOURCES
Dept. of Commerce
Small Business Administration
Dept. of Agriculture
Dept. of Labor
Dept. of the Treasury
Dept. of the Interior
Federal Trade Commission
Dept. of Health, Education, and Welfare
Federal Reserve System

Visual 15–11

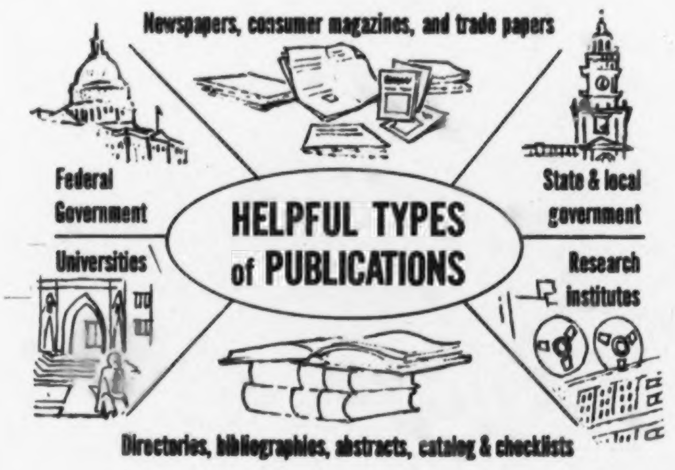
The Federal Reserve System has information on business climate and trends.

Your State Employment Service is a source of wage and hour information as well as a source of employees.

(The instructor will find very helpful information on the services offered by various Federal Government agencies in the *U.S. Government Organization Manual*, available in all libraries and Field Offices, or on order from the Superintendent of Documents, Washington, D.C., 20402.)

PUBLICATIONS

Last to be mentioned, but perhaps of most importance to many of us, are various kinds of publications. (The instructor should talk informally about specific publications, using Visual No. 15–12 to channel the discussion. Any reference librarian will have specific titles of periodical and nonperiodical publications containing information sought by businessmen.)


Newspapers, consumer magazines, and trade papers
Federal Government
HELPFUL TYPES of PUBLICATIONS
State & local government
Universities
Research institutes
Directories, bibliographies, abstracts, catalog & checklists

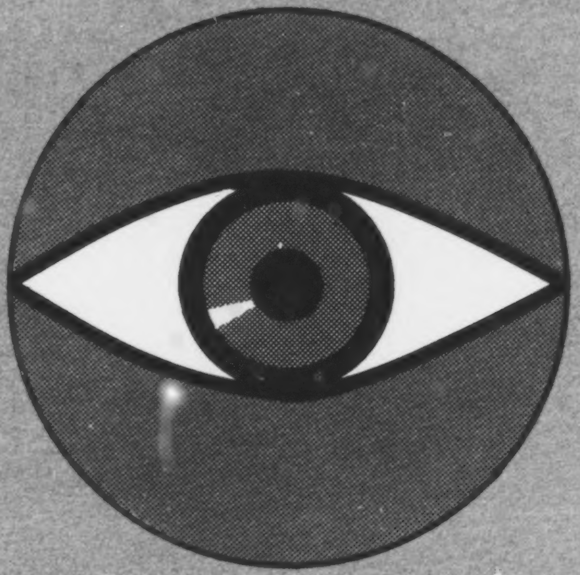
Visual 15–12

SUMMATION

This lecture could probably go on and on, but we believe that the above information will give the alert businessman the lead he needs to begin or continue an aggressive program of continuing exposure to management ideas and management education.

We will sum up with a statement of George Santayana's:

> What we call the contagious force of an idea is the force of the people who have embraced it.



THE VISUAL AIDS

A What to Show

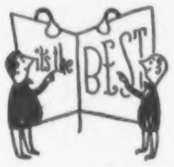
Section

The old Chinese proverb "One See Worth Thousand Say" is certainly borne out by experience in the fields of education and training at all levels.

The instructor who helps his participants visualize subject matter and ideas not only holds the group interest--he also stimulates thoughtful consideration and retention of the topic.

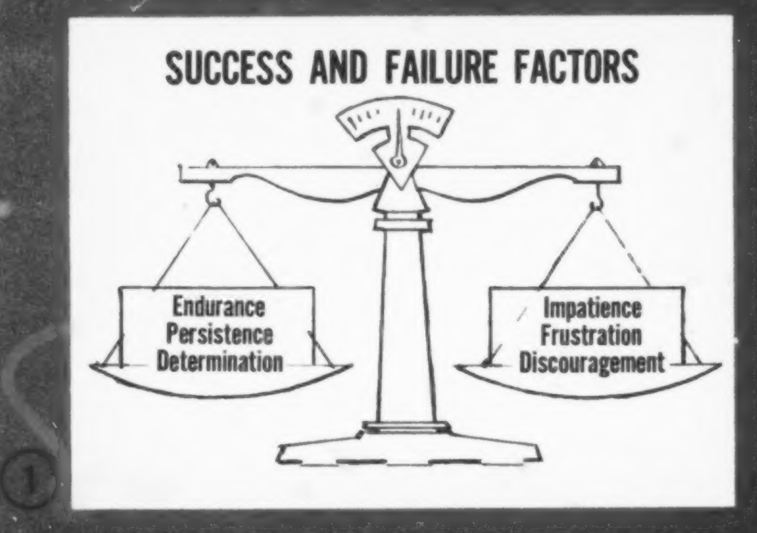
This section contains samples of visuals that are available for this subject. Each has been carefully coded and "keyed" into **The Lesson Plan** as outlined in this manual.

USE OF VISUAL AIDS

WHAT TO USE	WHEN AND HOW TO USE
Chalkboard	Study and plan before a meeting what to put on the board and where to put it. Use it to present sketches, diagrams, outlines, definitions, key words, directions, record of class contributions, and summaries. Suit material to board space. Write plainly and quickly. Keep wording simple. Stand at one side of board while referring to material. Talk to the group, not to the board. Erase material no longer needed.
Posters, Charts, and Diagrams	To arouse interest and attract attention; to show relationships and trends; to inspire group. Use device large enough to be seen. Post where everyone can see. Present at right time. Discuss information illustrated.
Hand-Out Materials	To present information uniform in character and as a guide to material covered; emphasize key points; arouse interest and discussion; review or summarize discussions; and serve as permanent reference. Select to serve a definite purpose. Introduce at right time. Distribute in manner to convey its importance. Direct members how to use.
Films and Film Strips	Present an overall view; introduce a new subject; emphasize specific aspects of a subject; arouse interest; summarize. Select carefully to relate to the discussion and plan presentation. Arrange room and equipment for showing. Alert the audience for the showing or what will be seen. Run the film. Discuss the subject matter and summarize.
Samples, Forms, and Exhibits 	Keep subject matter practical; show development of a process; increase understanding. Select only enough to illustrate, not confuse. Pass around if necessary. Take time to present clearly. Comment when presenting.
Pedestal Chart MAKE it Count	A pad of newsprint sheets or similar paper may be used for the same purposes as the chalkboard. Material recorded with chalk or crayon may be saved for future reference by the group or by the instructor.

784-134 O—65——3

OVERHEAD PROJECTUALS

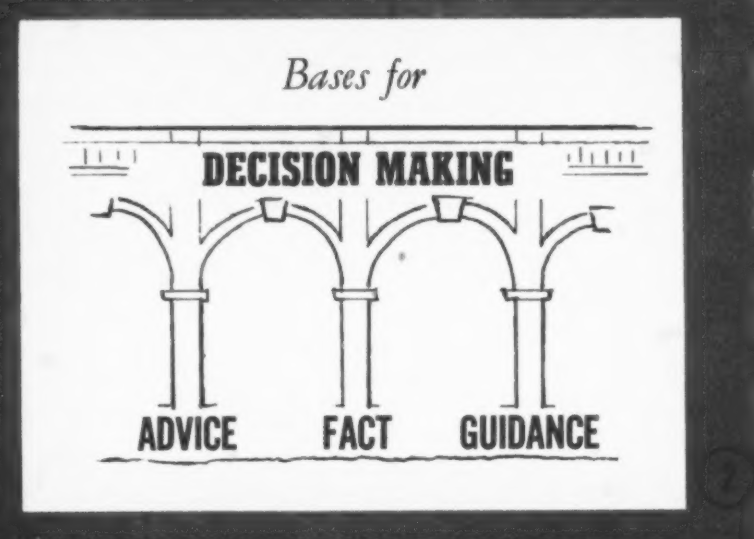


SUCCESS AND FAILURE FACTORS

Endurance
Persistence
Determination

Impatience
Frustration
Discouragement

①

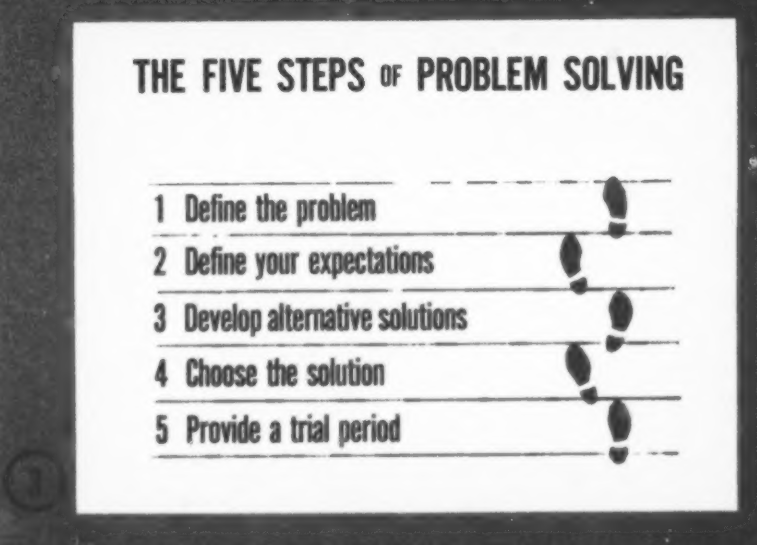


Bases for

DECISION MAKING

ADVICE FACT GUIDANCE

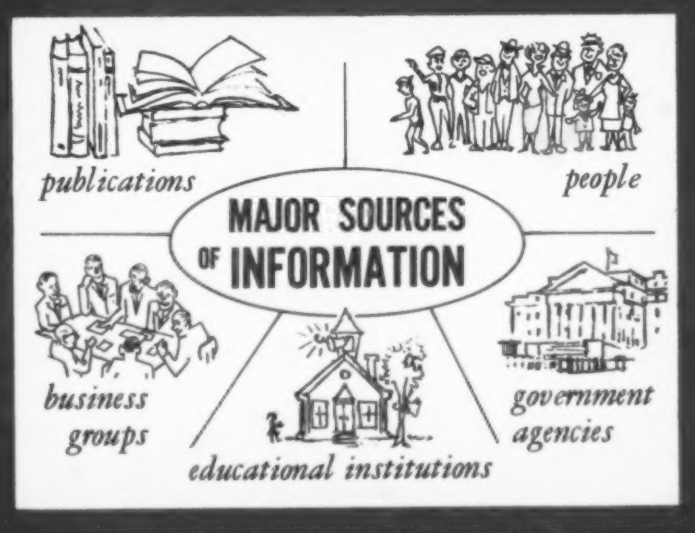
②



THE FIVE STEPS OF PROBLEM SOLVING

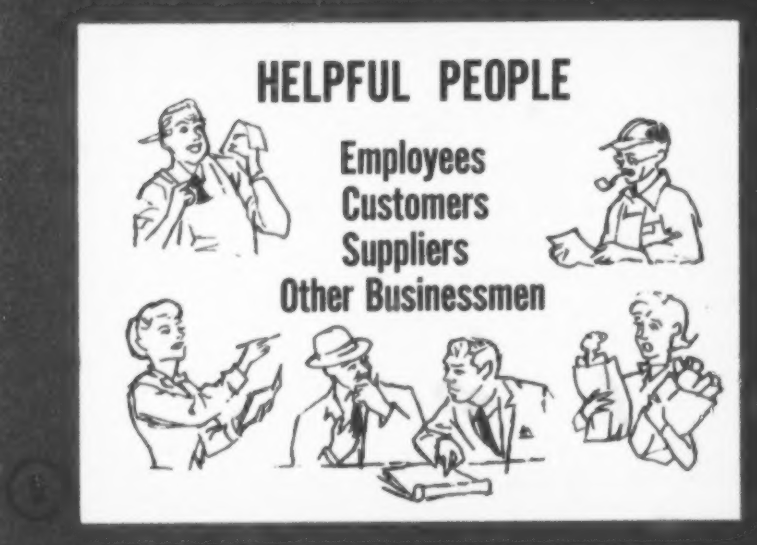
1 Define the problem
2 Define your expectations
3 Develop alternative solutions
4 Choose the solution
5 Provide a trial period

③



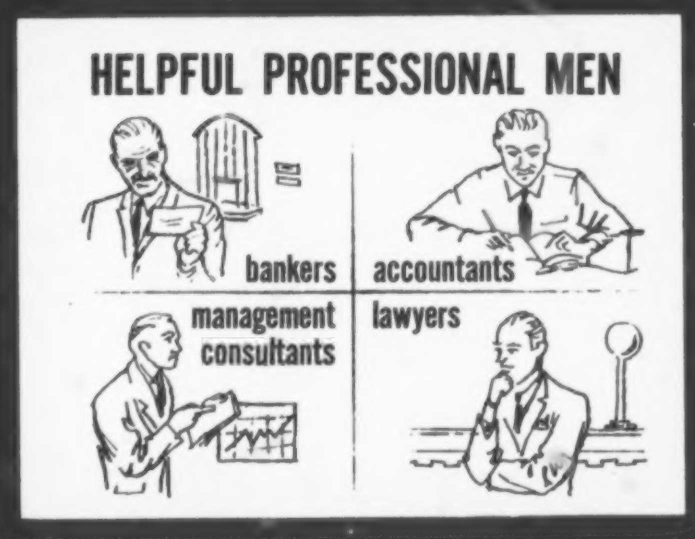
MAJOR SOURCES OF INFORMATION

publications
people
business groups
educational institutions
government agencies



HELPFUL PEOPLE

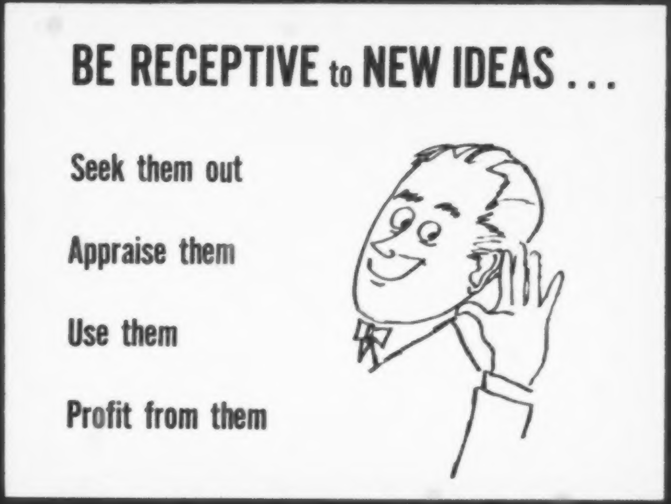
Employees
Customers
Suppliers
Other Businessmen



HELPFUL PROFESSIONAL MEN

bankers
accountants
management consultants
lawyers

OVERHEAD PROJECTUALS



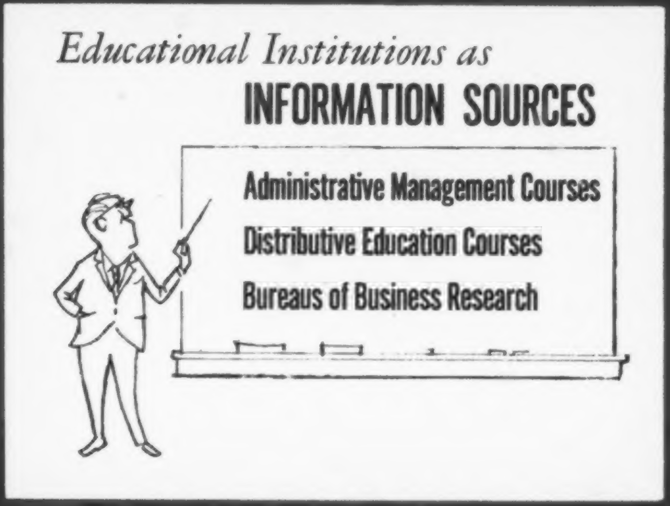
BE RECEPTIVE to NEW IDEAS . . .

Seek them out

Appraise them

Use them

Profit from them

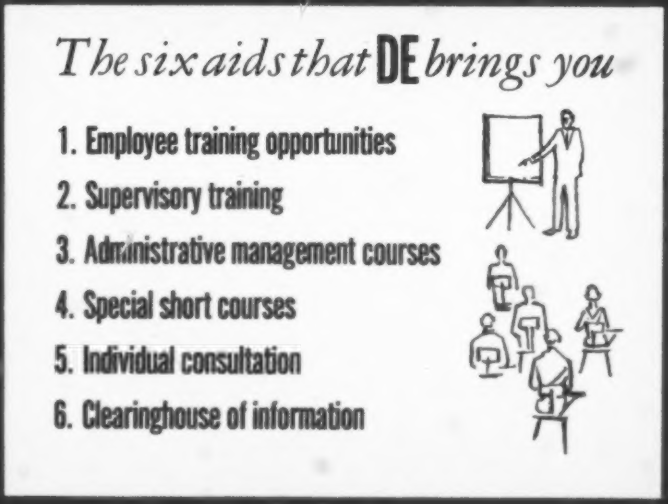


Educational Institutions as INFORMATION SOURCES

Administrative Management Courses

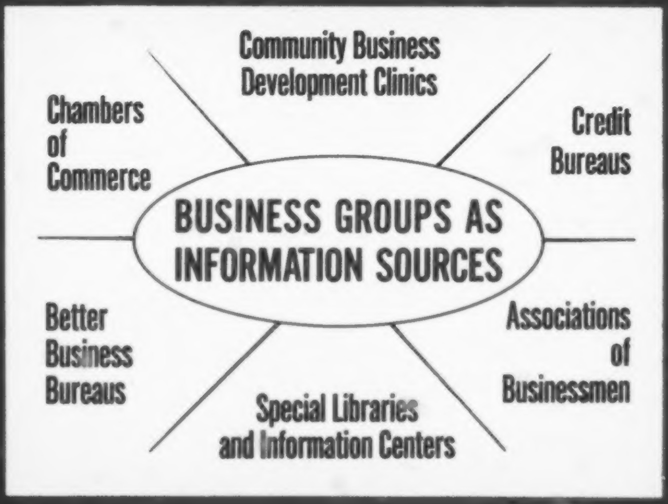
Distributive Education Courses

Bureaus of Business Research



The six aids that **DE** *brings you*

1. Employee training opportunities
2. Supervisory training
3. Administrative management courses
4. Special short courses
5. Individual consultation
6. Clearinghouse of information



BUSINESS GROUPS AS INFORMATION SOURCES

Community Business Development Clinics

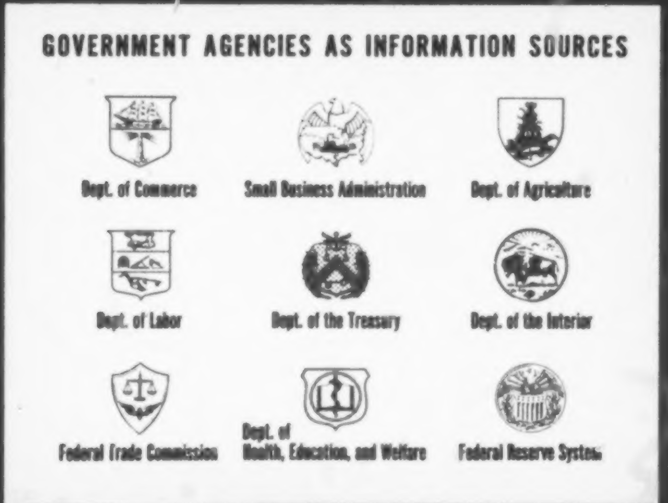
Credit Bureaus

Associations of Businessmen

Special Libraries and Information Centers

Better Business Bureaus

Chambers of Commerce



GOVERNMENT AGENCIES AS INFORMATION SOURCES

Dept. of Commerce

Small Business Administration

Dept. of Agriculture

Dept. of Labor

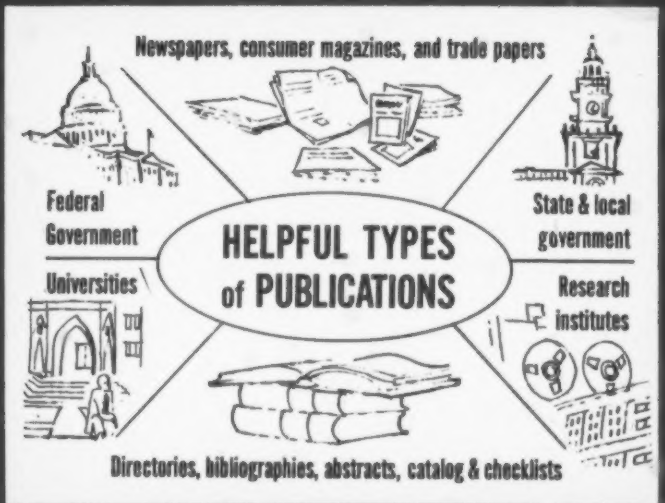
Dept. of the Treasury

Dept. of the Interior

Federal Trade Commission

Dept. of Health, Education, and Welfare

Federal Reserve System



HELPFUL TYPES of PUBLICATIONS

Newspapers, consumer magazines, and trade papers

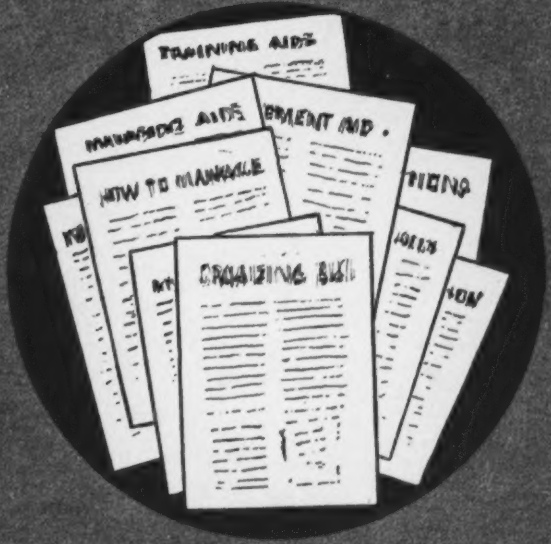
State & local government

Research institutes

Directories, bibliographies, abstracts, catalog & checklists

Universities

Federal Government



THE SUPPLY DEPARTMENT

A Resource Materials and Participant Handout

Section

It is generally conceded that interest intensifies in situations where people have a chance "to participate" by such means as open discussion and buzz sessions. The materials in this section should prove useful in this kind of activity. These materials may be reproduced locally.

It is also desirable to provide participants with "take away" materials if they are pertinent and concise. Accordingly, appropriate Management Aids, Small Marketers Aids, and Management Research Summaries are included in this section. Current information on the availability of suggested and new SBA publications may be obtained from the nearest SBA office.

Managerial Training Programs—Scope and Focus

A course in	*Presents*	*From the viewpoint of*	*And is directed to*
Administrative management.	Overall administrative function.	Making policy.	The top man.
Specific phases of management.	Separate segments of management functions.	Developing executives or managers.	The top man and/or middle management group.
The management of a specific business.	Special functions and operational techniques of management.	Performance.	Specialized management personnel.
The establishment of a small business.	Basic management concepts of forming or operating a new business.	Fundamental training.	Persons new to management or anticipating it.

Handout No. 15–1

SOURCES OF
ASSISTANCE AND
INFORMATION

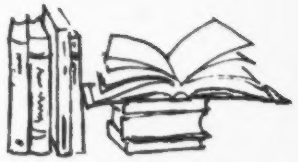
This page and the following illustrate a two-fold leaflet which summarizes the subject presentation. The leaflet is available in quantity from the nearest Small Business Administration office for distribution to participants in SBA-cosponsored administrative management courses.

BASES

[illegible]

MAJOR SOURCES
of
INFORMATION

Educational institutions



Publications

People

Business groups

Government agencies

THE FIVE STEPS
of
PROBLEM SOLVING

Define the problem

•

Define your expectations

•

Develop alternative solutions

•

Choose the solution

•

Provide a trial period

Help from Outside

SMALL BUSINESS ADMINISTRATION •

SMALL MARKETERS AIDS No. 74

Washington 25, D. C.
December 1961

SPECIALIZED HELP FOR SMALL BUSINESS

By *David R. Mayne*, President, Mayne Associates, Indianapolis, Indiana,
and member of The Association of Management Consultants, Washington, D. C.

SUMMARY

Small businessmen in increasing numbers are finding that outside assistance can be of real dollars-and-cents benefit in solving certain management problems. They are using such experts to help analyze and solve various management, operating, and technical problems which their own key personnel are not able to do because of lack of time or lack of specialized knowledge.

This Aid discusses when and when not to use consultants. It highlights some specific financial savings small companies have made as the result of outside help, advice and guidance.

"My sales are ahead of last year's, but..." is frequently heard when small businessmen gather. One owner and manager of a refrigeration supply business is typical.

His volume is up $50,000, but his net profit is down 2 percent. "I've worked twice as hard this year," he said "for little or no profit."

He put his finger on a sore spot with many small businessmen. Caught in a cost-price squeeze and more intense competition, many of them wonder how to stop the declining profits which often accompany increased annual volume.

One answer is better management. "But I'm doing the best I know how," some say. Or others say, "I've got my hands full trying to keep sales up."

GETTING OUTSIDE HELP

More and more small businessmen are realizing that promotion and sales must be backed up with effective management. A substantial increase in volume is worthless when poor management eats away net profit.

Many of these businessmen recognize some of the danger signals of such conditions. They are aware of: rising labor costs, lack of working capital, high labor turnover, increasing overhead costs, excessive inventories, and climbing breakeven points.

However, because their own time or knowledge is limited, they aren't able to do what they'd like to remedy these conditions. Faced by these facts, many are turning to outside experts for advice and help on how to manage more effectively.

This, of course, does not mean that every firm can profitably use management consultants, or that consultants can always solve every problem. Some businesses don't need consulting help; others couldn't apply it if they had it. Moreover, while most consultants are competent and ethical, it is only common sense to recognize that some are not well qualified and a few are even unethical.

WHEN CONSULTANTS CAN'T HELP

The most competent consultant in the country can't improve a company's situation if the owner-manager already knows where the trouble lies but refuses to make any changes. In the same vein, a consultant can't stop technological change or block shifts in market characteristics or consumer buying habits.

For example, consider three typical situations.

(1) Controlling interest in a small wholesale house was held by an elderly widow. She insisted that her two sons hold the key management jobs even though they were poor businessmen and would not let subordinates work without interference.

(2) A service business provided mechanical repairs and adjustments to a particular type of

industrial equipment. Sales dried up when the customers all converted to a new kind of equipment which did not need that sort of servicing.

(3) A small restaurant serving chiefly travellers was forced to the wall when railway service to that community was discontinued.

In such cases, hiring a management consultant is not the answer. There is no difficulty in identifying the basic problems. But there is little or nothing any consultant could do about them.

WHEN YOU CAN USE CONSULTANTS

Among the many management problems on which consultants can help, three types especially lend themselves to such outside assistance. They are: the "one-shot" situation, the business checkup, and the feasibility study.

In such situations, the small businessman doesn't need and can't afford permanent personnel. By bringing in a consultant for the particular assignment, the owner gets the job done for a fraction of the cost of full-time specialists on his permanent payroll.

An example of the "one-shot" situation is that of a corrugated box company which wanted an independent review of operations. After a two-week review, 24 recommendations were submitted to the owner to improve internal control of operations and net profits.

Or take the case of Specialties Company (name disguised), a small food wholesaling house. Sales were fair but profits were shrinking. The conditions which the concerned owner turned up indicated that perhaps his firm wasn't as healthy as it should be. Having neither the time nor the staff to investigate, he hired a consultant to give the firm a business checkup.

This expert recommended reorganization of the firm's departments and the installation of modern record-keeping equipment. The owner now has a consultant give his firm a business checkup periodically. He regards this expense as part of the cost of doing business and considers it a bargain.

Another small business was considering an installation of automatic data processing equipment. The owner wasn't entirely sure about the information presented by various vendors because of conflicts in recommendations.

So he hired a consulting firm to make a feasibility study. This firm studied the areas of the company that would be affected and got together independent facts, figures, and so on. On the basis of this impartial study, the boss decided that his company could use electronic equipment to good advantage and put it in.

Another case is that of John Penman (name disguised) who ran a restaurant. Redevelopment of his neighborhood forced him to relocate. The question was: What is the best spot? He had some ideas, but he didn't have the time or the specialized knowledge to check them.

A consultant checked out these ideas and added several of his own. On the basis of this expert information, Mr. Penman relocated in a shopping center close to several large apartment houses. His firm prospered there.

WHY EXPERTS HELP

Outside experts can offer such help to small firms because they have specialized knowledge and skills. Among the things a consultant can bring to a small concern are: (1) a fresh viewpoint, (2) an objective analysis of operations, (3) wide experience from other firms, (4) a scientific approach and (5) an opportunity to devote needed time.

- A Fresh Viewpoint.

The small businessman is so familiar with his operations that he often overlooks conditions that hit visitors in the face. For instance, an owner gets used to dingy office walls, but the visitor says to himself, "This place needs painting." The boss is sometimes too close to things to see them in their true light. However, the consultant brings a trained fresh viewpoint to the firm.

- An Objective Analysis.

The management consultant's fresh viewpoint helps him to look impartially and objectively at your operation. For instance, you may be reluctant to discontinue a line that is declining. For various reasons you want to hold on to it. Conversely, the consultant, because he hasn't been so closely involved, can examine this line impartially and objectively. Studying your profit and loss statement, he can tell the extent of the declining trend.

- Wide Experience.

Discussing problems with a consultant is a lot like talking to a group of leaders at a business convention. He's solved problems similar to yours for a wide variety of firms. And he can apply this experience to your situation. His experience helps him to know what questions to ask and where to look for the key to the problem.

- A Scientific Approach.

The well-qualified consultant won't make decisions by intuition. He'll base his recommendations on facts. The tools he may use include: flow charts, profit and loss statements, balance sheets, cash flow charts, task lists, schematic diagrams, and organizational charts. These tools help him to collect and analyze his data quickly and accurately.

- He Can Devote Time.

Most small businessmen are so burdened with current activities that they don't have the time to step back and study their firm's operation. The consultant can work on a particular problem full time. He is not interrupted by other activities of the business. As an outsider, he is not apt to get involved in company policies as an employee might. Remember, though, that consultants are human too, and even the most conscientious might sometime overestimate his ability to help and want to sell you more of his time than you need.

SELECTING THE RIGHT MAN

After you've decided you need a consultant, the problem is to choose a reputable and well-qualified one. There are over 1,800 of them in the United States, today. Here is a step-by-step procedure that you can use in helping to assure that the consultant you pick is a good one:

(1) Obtain information on the services offered and general reputation from: Your business friends who have used consultants, trade associations, editors of business publications, or from an accountant or lawyer. Be careful that the people who give suggestions are not biased for personal reasons, and that they are sufficiently familiar with consultants. See "For Further Information" on page 4 of this Aid for sources that may be helpful when you want to verify the ability and qualifications of various consulting firms.

(2) Clarify in your own mind exactly what you want the consulting firm to accomplish. Establish your objectives clearly in terms of what goals you want the consulting firm to achieve.

(3) Talk to the principals in several consulting firms before making a final decision. Try to get an idea of the firm, determine if they are the type of men with whom your company could work effectively.

(4) Ask to talk to the men who will actually be assigned to work on your project. (If these differ from those already met.) Find out if they have worked with small business problems in the past and have come up with practical solutions. See if they're specialists in your troublesome areas. For example, you'd want an expert in promotion to work on sales problems, and so on.

(5) Ask the consultant for recent references on assignments comparable to yours. Get the names of a few specific companies and check with them. Determine the services performed and the results obtained.

(6) Insist on a written proposal from each consulting firm interviewed, which outlines: What the work will cover, how the work will be done, whether a written report will be submitted, how long the study will take, an estimate of the total cost and how much time the principals will spend on the assignment.

(7) See if the consultant will put his recommendations into effect if your own people aren't qualified to implement them. Get a written agreement as to his cost. For example, what will he charge if he only instructs and guides your people? What will he charge if his people install the recommendations? Remember that when he leaves your people have to make the recommendation work. So be sure they learn what he should teach them.

(8) Ask whether the consultant will keep confidential information that would help your competitors, unless cleared in advance. It's a good idea to have an understanding even though you're satisfied that the consulting firm is ethical.

(9) Determine the financial standing of the consultant. Information can be obtained from Dun & Bradstreet, a better business bureau or, perhaps, a trade association.

(10) Beware of the consultant who promises to deliver more than his fee could reasonably cover. A good rule is: Don't be influenced by high pressure salesmanship, offering a low-cost packaged survey. The sincere consultant will not delude himself or you with such panaceas.

In using consultants, you should remember that sometimes businessmen limit the consultant's help by: (1) letting their problems build up too long before they call him in, (2) wanting him to confirm their own opinions rather than giving an objective analysis, and (3) refusing to accept the facts that are placed before them.

HOW DOES HE OPERATE?

After you've discussed your problems with the consultant, he'll gather preliminary facts. Some firms will charge a flat fee for a preliminary survey, others will include their preliminary charges in their first months billing to the client.

They will tell you what they feel needs to be done, how long the project should take and how much the job will cost. (Cost is discussed in more detail a little later in this Aid.)

Assume, for example, that you consider the cost reasonable, and agree to have the consultant proceed with the project. Now he starts to work. He collects data, interviews your people, reviews your records, analyzes your operations and does whatever else is needed to get all the facts.

However, a written report will not necessarily correct your problem. Who must do the actual work to correct it? Do your people have the ability and background needed? Do they have the time? Or perhaps the project involves several delicate personnel shifts.

Here you can often employ the consultant to implement his solutions. In fact, many firms prefer to have the consultant put his recommendations into effect.

Here is a typical case in point. A small wholesaler of building materials asked a consulting firm to conduct a "checkup" on operations. The consulting firm's recommendations included budgetary controls, a standard cost system, consolidation of clerical personnel and sales quotas. The wholesaler was reluctant to spend the money needed to put the recommendations into effect. So what he had spent for initial consulting services was wasted, and his firm continued to net less than his competitors.

WHAT DOES CONSULTING COST?

A consultant's fee depends on the job he does for you. Most firms base their fees on the time that their men spend on the particular job. This "per diem" fee varies with the type of man and the nature of the assignment. But few reputable firms charge less than $150 per man day plus out of pocket expenses.

Unreasonable? Not when you consider what's involved. Management consulting firms employ well qualified and experienced men. They must pay them well to attract and keep them. Also, this $150 per-man-day is not profit. Rather, it's the consulting firm's gross income from which must be deducted all of its costs of doing business. Also remember that a consulting firm is not employed 100 percent of the time. You usually get just what you pay for.

The important calculation to make is this: Compare the estimated costs with the probable long-range benefits that you expect to achieve and the time that it should take you to recoup your investment. In that connection, here are two examples:

A wholesaler of beverages became alarmed when his break-even point had increased to the extent that his operating capital was impaired. His firm was gradually losing its ranking position in the industry. He called in consultants who put in an incentive sales program, a warehouse cost program and management controls. Within 6 months the firm had regained its position in the industry. The owner is happy with a five to one return on his investment of $3,000. His savings started in 30 days after the consulting work was completed.

A steel scaffolding equipment firm was earning an excellent profit but the owner felt that internal operations could be improved. He had a consultant review the firm's paperwork and internal records. In addition to improving the records, the consultant reorganized the structure of the firm. One year later the firm was reaping a dividend of 34 percent return on its initial investment of $28,000.

Small firms can compete more effectively with bigger competitors by increasing the use of more modern management methods and the help of consultants to put them into effect.

FOR FURTHER INFORMATION

Businessmen may consult the following sources and references for additional study and guidance. This list is necessarily brief and selective. However, no slight is intended toward authors or organizations who are not mentioned.

Management for the Smaller Company, Elizabeth Marting. American Management Association, Inc., 1515 Broadway, New York 36, N. Y. 1959. $9.00.

"Can Small Businesses Use Consultants?" H. C. Krentzman and J. N. Samaras. *Harvard Business Review*, May-June 1960. 39 Old Colony Road, Chestnut Hill 67, Mass. No charge.

How the Management Consulting Profession Serves Business Enterprise. Association of Consulting Management Engineers, Inc., 347 Madison Ave., New York 17, N. Y. 3d ed. 1961.

Organizations:

Association of Management Consultants, Inc., 1223 Connecticut Ave., N. W., Washington 6, D. C.

Association of Consulting Management Engineers, Inc., 347 Madison Ave., New York 17, N. Y.

Your trade association.

SMALL BUSINESS ADMINISTRATION •
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How Distributive Education Helps Small Business

By *John A. Beaumont*, Director, Distributive Education Branch,
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Health, Education, and Welfare, Washington, D. C.

The value of DE to businessmen is highlighted by the following typical scene. The owner of a small store says to his wholesaler, "Sure we had a good year last year. But unless I can work out some way of getting more properly-trained people, it's going to be tougher to compete next year. The worst of it is that I can't do the training myself and my firm can't afford an organized training setup. I don't know what can be done!"

"We're facing a similar situation," replies the wholesaler. "I'd like to move some of my men into supervisory jobs, but they're not ready yet--and they're not getting ready. The big hurdle is the lack of practical knowledge. We don't have the staff to teach it. I haven't figured out the answer either."

Similar conversations occur again and again among small business owners all across the country. Fortunately, there is a solution which increasing numbers of businessmen are finding: Distributive Education. DE can help materially because of the variety of its services. It can provide--without fees, or at a fee so low that virtually anyone can afford it--any or all of the following kinds of assistance:

Instruction, both high school and adult
Individualized consultation
Specialized clinics or institutes
Selection and dissemination of current distributive information

The following sections tell you how these services work and how to go about obtaining them in your community.

INSTRUCTION

Distributive education, a program offering instruction in distribution, marketing and management, is conducted at the high school, post high school and adult levels. In each case, the enrollees are employed in a distributive occupation.

Distributive occupations are defined as those followed by proprietors, managers, or employees engaged primarily in marketing or merchandising goods or services. Such occupations may be found in various business establishments, including retailing, wholesaling, manufacturing, storing, transporting, financing, and risk bearing.

Teacher-coordinators of the high school and post high school programs are employed by the local school authority. They are selected on the basis of their training and practical experience in the field of distribution. As a result, many of them have not only rich practical backgrounds in retail or wholesale businesses, but also have the confidence and friendship of the business community.

Those who teach adults are normally skilled specialists in a given business function or field of distribution. Often, several instructors will be teamed up to give a single adult course. Each one covers a separate subject. In DE courses for MANAGEMENT--such as those developed cooperatively with the Small Business Administration (see below)--it is the practice to bring in as many as ten to fifteen experts. In fact, two or more instructors may be used to present a single complex subject like finance. The contrast in viewpoint and approach can aid understanding.

• The Cooperative Program

The unique feature of the high school and post high school program--referred to as cooperative part-time programs--is to provide opportunity for students to receive training in a specialized job which becomes the base for career development.

The customary schedule includes classes in the morning and work on the job in the afternoon. This arrangement provides for study of subjects directly related to employment for an hour a day for two years, or two hours a day for one year. (The remainder of a typical morning is devoted to other high school subjects.) In the afternoon, the student checks in for actual work in a distributive firm. During three hours or more each day, he works at his job. His class work supplies him with information and techniques to do that job better.

For his on-the-job duties, the student is employed, say, in a retail store. The store pays him the going wage paid to other employees of the same training and experience. Each student is put under a "training sponsor"--a regular employee of the firm--who works with the student and helps him to acquire the required skills. Naturally, each student must comply with existing employment conditions in the store. Consequently, students are often employed under a "training memorandum." This serves as a set of ground rules for the school, the store, the student, the instructor, and the training sponsor. In this way, each student is assured fair treatment and an opportunity for good grounding in the particular business.

• The Adult Program

The more efficient you and your employees are, the stronger and more efficient will be your organization. In this connection, adult DE training--often called "extension training" because it EXTENDS training beyond the high school years--has two objectives: To improve the effectiveness of people in the field of distribution (and hence distribution itself by training the people who provide it), and to improve management knowledge and skills in distributive concerns.

To accomplish these results, DE people seek advice from businessmen and professional people working with them. Courses are not set up in a vacuum. They are organized with the help of BUSINESSES. The needs are voiced in various ways, of which the following are typical:

(1) Suggestions by an advisory committee of merchants

(2) Requests by the managers of several stores

(3) Proposals by an association or an employee group

(4) Requests by a private organization to meet a new or unusual problem

(5) Proposals by another Government agency (such as the Small Business Administration with its cosponsored Administrative Management Courses).

Many courses, once established, continue year after year and become part of a community's regular service in adult education.

Two broad classes of subject matter are made available through these DE courses: (1) GENERAL, where the material applies to virtually any sort of retailing, wholesaling, or manufacturing concern; and (2) SPECIALIZED, where the material is designed for particular types of firms such as those in hardware retailing or petroleum wholesaling. Here are a few examples of general subjects; classified by the levels of employment for which they are intended:

- Management Courses
    - Small Business Management
    - Executive Problem Solving
    - Executive Communications
    - Practical Business Services
    - Credits and Collections
- Supervisory Courses
    - Supervisory Training
    - Training Employees
    - Human Relations
    - Marketing
- Employee Courses
    - Sales Techniques
    - Visual Merchandising
    - Record Keeping

The Small Business Administration cosponsors certain of the management-type courses organized by Distributive Education supervisors in local schools. The distinguishing features of these cosponsored courses are that they are: (1) short courses in ADMINISTRATIVE MANAGEMENT; (2) designed specifically for owners and managers of small businesses; (3) intended to help the small business operator improve his knowledge of business administration; and (4) keyed to promote a clearer understanding of management policy in organizing, staffing, planning, directing, and controlling the individual business enterprise.

The educational institutions which conduct the courses assume educational and financial responsibility. Typically, the classes meet one evening a week for a period of eight to ten weeks with each session running from two to three hours. There are, of course, some variations. For example, several have met twice a week over a shorter period. Others have been held late in the afternoon, continuing through the evening with a dinner session included. In some cases, meetings have been held for three consecutive days.

Most courses are open to all owners and managers of small businesses. However, some have been limited to retailers. Still others have been limited to manufacturers desiring training in the management of the distributive functions of their concerns.

The specialized subjects, on the other hand, are intended to serve a more specific purpose. As a result, they are somewhat more restricted in content and more detailed in application. Some examples are:

- Management Courses
    - Motel Management
    - Food Service Management
    - Traffic Management
- Supervisory Courses
    - Training route salesmen
    - Sales Promotion
    - Hotel Supervisory Development Program
- Employee Courses
    - Cashier Training (such as food store)
    - Product Information (such as home furnishings)
    - Real Estate Selling

NONCLASSROOM SERVICES OFFERED

DE's services don't stop at the classroom door. Besides instruction, you can get three other types of help which are well worth knowing about. They are tailored even more closely to the interests of people in particular kinds of businesses. Usually they are called consultations, clinics, and clearinghouse services.

- Consultations

Face-to-face sessions with a specialist enable you to discuss distributive problems. DE people themselves--local, State, and Federal--do the consulting. Rarely is a charge made. Educational and professional groups use this service along with the businessmen. Editorial and technical advice can also be obtained by associations or firms developing publications or educational programs.

- Clinics

Special conferences or institutes enable groups of businessmen to get together to discuss common marketing problems. They are conducted by DE people either as a part of, or outside their regular duties. Many different interests are covered. For example, one might be a Statewide clinic dealing with problems of sales personnel; another could be a regional meeting for small-store owners; a third, perhaps, an institute where compensation for salesmen would be thoroughly explored.

- Clearinghouse Services

These clearinghouse services collect, sort, and supply useful marketing facts. DE personnel attempt to make available helpful and pertinent information either through mailings or, more often, by word of mouth. All DE organizations can be of service, together with many cooperating National associations and business firms.

TEAMWORK WITH BUSINESS

The instruction in DE courses is designed to have direct, practical application to small businesses. Although based on sound theories, classroom methods are vocational in character. Little time is spent in teaching theory. There is no "ivory-tower" element in the approach to distributive education courses. In fact, teamwork with business is valued and sought. Because of such teamwork, both managers and employees can look to Distributive Education for training geared to meet a local situation.

State and local school systems have general responsibility for organizing classes, selecting teachers, financing the program, and supervising the work. Control is also vested in them.

No tuition, as such, is charged. The only cost may be a fee, sometimes required to cover incidental expenses such as supplies or equipment rental. This seldom runs as high as ten dollars for the entire course.

Businessmen and associated groups have leading roles to play in the DE program, too. Their responsibilities are usually met by giving advice and assistance to the school authorities. The channel for exchanging ideas can be a well-organized advisory committee, a less formal steering committee, or simply a friendly conference among the individuals or groups concerned. Some States issue booklets describing the makeup and functioning of advisory committees in a typical, well-developed Distributive Education program. The goal of these joint efforts is to keep the instruction PRACTICAL, and to establish relaxed, cooperative working relations with business. Here are some of the major ways in which participants can help the local DE people in making the instruction practical and effective:

(1) Publicizing Distributive Education as an effective business training service.

(2) Pointing out subjects or localities in which instruction is needed.

(3) Suggesting the names of competent instructors.

(4) Encouraging enrollment in DE classes.

(5) Advising schools on relating DE instruction to instruction given by business and other private training groups.

(6) Helping high-school trainees to find satisfactory jobs in which to train, jobs which may lead to careers.

(7) Reporting the results of DE courses.

GETTING SERVICE IN YOUR COMMUNITY

Since DE is under State and local control, there are two approaches which you may follow in finding out what is being done, or what could be done in your community, to provide instruction of direct value to you:

Inquire about DE service from your local superintendent of public schools; ask for a conference with the director of vocational education, or the supervisor or teacher-coordinator of Distributive Education.

If DE service is not offered locally, write to the official in charge of Distributive Education for your State. Names and addresses of these people are listed at the end of this Aid.

LOCAL-STATE-FEDERAL COOPERATION

The Distributive Education program operates under a local-State-Federal cooperative relationship which restricts the use of funds exclusively to the purposes stated in the National vocational education acts. Here are some of the more interesting provisions of those acts as related to the program:

(1) Instructors must have had both training and practical experience in the subjects they teach.

(2) Students must be 16 years of age or over and be able to profit on the job by the instruction.

(3) The State and local community--either or both--must provide the instruction; they may be reimbursed later from Federal and State funds for part of the cost.

HOW THE DE PROGRAM IS ORGANIZED

To round out your picture of the DE program, it may be helpful to take a brief look at its administrative organization. Final responsibility for the program in a State rests with the State Board for Vocational Education. State boards administer the program under agreement with the Department of Health, Education, and Welfare, through the U. S. Office of Education which, in addition to DE, also administers vocational services in the fields of trades and industry, agriculture, and home economics.

In this manner, Distributive Education is a Federally sponsored service which is an integral part of the public school system. As such, it is a source of training which can be relied upon for service year after year. Its experience in training can be of practical, low-cost assistance to small business owners and operators.

SMALL BUSINESS ADMINISTRATION

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SELECTING A LAWYER FOR YOUR BUSINESS

By *Theodore Voorhees*, partner in the firm of Barnes, Dechert, Price, Myers and Rhoads, Philadelphia, Pa.

SUMMARY

Every business needs legal advice from time to time. There are, after all, many fields of business activities in which the services of lawyers may prove essential. Reliance on the assistance of persons lacking legal training may prove costly in the long run.

Because a lawyer or law firm can be a tremendous asset to any organization, the selection of counsel should be made with great care: Counsel should only be engaged after a thorough, intelligent appraisal of his capability and potential value to your concern. You should try to find the lawyer or law firm best equipped to render service to the particular needs of *your* business.

This Aid discusses several criteria for the selection of counsel and certain steps to be taken in securing legal representation. It points out that you have a choice between general practitioners and law firms, the latter usually containing specialists in various fields of law.

Legal services cost money, of course, but *preventive legal advice* is inexpensive when compared to the cost of law suits which may result from the failure to seek out competent legal advice.

THE NEED FOR LEGAL REPRESENTATION

Hiring a lawyer is an important task. This article will give you some suggestions on how to go about it. But a word of warning is in order. Some of the steps advocated here may not be appropriate for *you*. The reason for that qualification is this: Certain aspects of the preliminary investigation of a law firm and its members simply are not feasible for most very small business owners. In some situations, lawyers may refuse to tell a businessman all he wants to know. Some law firms, moreover, may not want to handle the kind of case proposed at all. Still, you *can* ask various questions and expect to get answers on them – including the fees charged by the lawyer or law firm you intend to hire.

Before you undertake to retain a lawyer or a law firm to handle your company's legal affairs, you should have in mind the various fields of business activities in which the services of a lawyer would prove helpful. Six rather general areas should be explored.

First, if your business is incorporated, you may need advice regarding directors and stockholders meetings, dividends, rights of stockholders, and the like.

Secondly, relationships with employees may require legal services in labor negotiations, proceedings before the National Labor Relations Board and boards of arbitration, and all other matters involving industrial relations.

Thirdly, problems may arise within the trade wherein you may need advice with respect to anti-trust violations by your company's suppliers or Robinson-Patman Act questions in connection with sales to the customers of your concern. This highly technical and little understood field of Government regulation becomes more important from year to year.

Fourthly, the company may encounter difficulties in its relations with the public, of which the most common are collection claims and claims for personal injury, property damage and product liability. Somewhat less frequent are claims for libel, slander, defamation, false arrest and malicious prosecution.

Fifth, the legal problems of taxation, Federal, State and local, are faced almost daily by all business concerns.

Finally, there are other highly specialized fields of legal advice such as those of patent, copyright and trade mark, Security and Exchange Commission financing and practice before governmental agencies such as the Federal Power Commission and the Interstate Commerce Commission.

LEGAL ADVICE FROM OTHERS THAN LAWYERS

Many people will tell you that there is no need for a lawyer's advice in connection with any or all of the foregoing. This is a dangerous fallacy.

• ***Ask Lawyers About the Law.*** It is against the law for any person who lacks legal education and training to engage in the practice of law. However, an astonishing number of seemingly intelligent people act on the advice of non-legally trained individuals on matters involving questions of law. The unlawful practitioner, no matter how honest and well-intentioned he may be, is apt to cause serious grief. He is not trained to perceive legal problems, and he cannot be aware of all the legal implications of his words. Preventive legal advice is inexpensive. But the cost of litigation, which would have been unnecessary had that advice been obtained earlier, can be very high.

THE CHOICE OF A LAWYER OR A LAW FIRM

Most business concerns in search of legal representation will find that three choices are open to them:

First is the general practitioner who maintains a law office by himself, or with one or two younger associates. Second is the small firm having several lawyers practicing together. Third is the larger law firm, which may have from around a dozen lawyers to as many as 100 in a few instances.

• ***Making a Basic Choice.*** Assuming that your company is looking for high quality, the first basic question which you will face, therefore, is whether you wish to be represented by a general practitioner capable of advising you on all legal problems and giving you representation in court, or whether you would be better off with a firm of lawyers who may have more specialized training and services to offer.

It should be said at the outset that all lawyers today, as part of their legal education, receive training in all the major branches of the law. That training, in the case of many who practice by themselves or with one or two younger associates, may be supplemented by broad experience in the course of years of practice. A lawyer who is a general practitioner is qualified to provide advice in connection with a great variety of legal questions.

• ***Legal Specialists.*** The law, however, has become extremely complex, and many lawyers have ceased to engage in a general practice and are devoting their entire efforts to one or more narrow fields in which they become specialists. Large and small firms of attorneys have tended to include groups of experts who supplement each other's special skills. Thus, a typical small law office with six or eight attorneys may have one lawyer specializing in general corporate management, another in labor matters, a third in courtroom work, and a fourth in taxation problems. If the office is a little larger, it may have specialists on antitrust problems, personal injury cases, unfair competition, product liability, and administrative agency practice, as well.

• ***A Word About Costs.*** You will want to know, of course, whether your legal costs will be higher if you hire a law firm than they would be if you hired a lawyer practicing by himself. Unfortunately, no generalization can safely be made. There are both firms and individual lawyers whose charges are low. There are also those whose charges are comparatively high. It may be said, however, that in the case of the top-notch lawyer or law firm, charges for legal services reflect the opinion of counsel and client as to what those services are worth. As in the case of the seller of any commodity, a lawyer will not long be successful in obtaining clients if his charges are out of line with respect to his legal talents. The cost of legal services should not be the chief element in the choice of legal counsel. Good advice will save you money, and you will find that most lawyers will adjust their fees if there is dissatisfaction on the part of the client.

Of course, the selection of counsel may be narrowed down by conditions in a given locality. For example, in the smaller town or city your choice of counsel may be solely between the general practitioners and perhaps a few small firms. In such case, you may decide to rely upon a local lawyer for your routine legal questions and seek out the advice of specialists in a neighboring town or city if and when the need for more specialized service should arise.

Most business concerns will find that they have a broader choice of attorneys to represent them, and a few pointers may be given as to the differences between the three types of practitioners.

THE GENERAL PRACTITIONER

The choice of an independent, general practitioner, who is wholly on his own or has one or two associates to assist him, has the great advantage of providing you with a lawyer who at all times will be familiar with your company's principal affairs. You will deal with one man only, and there will be no division of responsibility. Also, you will be able to appraise his potentialities quickly for he is likely to be well known in the community. The possibility of conflicting interests is probably remote, for you are dealing with only one man and his existing legal relationships.

Many business concerns, large as well as small, are satisfied to place all their legal affairs in the hands of a single attorney. But in particular cases, the general practitioner may be on an unequal footing when he has to oppose a legal specialist.

When the general practitioner is on vacation, or becomes ill, or is compelled to expend substantial time on the affairs of his other clients, you may be temporarily without the protection of legal advice. His death may cause grave hardship, since there may be no one else to carry on his work.

THE SMALL FIRM

The law firm with several lawyers practicing together, has the advantage of enabling you to maintain close personal relations with your counsel since the number of attorneys with whom you will deal is relatively small. Such a firm may provide specialists in the key areas of your interest. In many of them you will find specialists in trial work, taxation, corporation law, and perhaps several others. The retention of such a firm, however, presents this feature, when compared to the lone practitioner: It involves at least *some* division of responsibility. As compared with the large office, it is, of course, generally not in a position to give the range of specialization which the latter has to offer. However, you may find that it is equipped to take care of your basic needs for legal service.

THE LARGE FIRM

The large law office's chief advantage may be ascribed to its quality of depth. It does not merely have specialists in a large number of fields, but has men of different ages and experience in each area whose services may be adapted to the varying needs of the client. Of course, conditions in a large firm can tend to dilute the personal relationships between the officials of your company and its counsel. And there may be, unless carefully watched, a division of primary responsibility, too.

Obviously, just as a small law firm has a broader clientele than a single practitioner, a larger firm is apt to have considerably more clients than a smaller one. The greater breadth of its contact and experience may constitute an advantage to you. Whether you deal with a general practitioner or a law firm you may find that lawyers, in addition to their purely legal activities, may become important intermediaries in transactions of a strictly business nature.

LEGAL QUALIFICATIONS

Before discussing the actual process of the creation of a lawyer-client relationship, mention should be made of several other criteria for selection, which should assist you in making your choice.

- ***The Counsel You Want.*** Essentially, of course, you are looking for proven legal ability and experience. It should not be difficult for you to find out whether your candidate has these primary qualities; and you should seek a man who will furnish prompt and efficient service, will speak plain language and charge fair fees.

He should have true stature in your community and before the courts. If that stature is present, it will surely mean that there exist with it the highest standards of legal ethics. If you should retain counsel who did not have such high standards, you would be likely to find that the reputation of your company might well suffer in the eyes of your community.

One further guidepost should be mentioned if you are considering the employment of a law firm. You would be wise to look for balance between youth and age in the firm. There is nothing which strengthens and improves a law firm more than a program, steadfastly adhered to, of infusing new and youthful blood.

PRELIMINARY INQUIRY

Before you establish a client-attorney relationship, it goes without saying that you will want to make a careful inquiry about the lawyer or firm of your choice. You should not take on the first man whose name is mentioned, or employ a man merely because he is the friend of someone you know.

- ***Where to Seek Advice.*** There are a number of people whose advice can be of value. Perhaps your first questions should be directed to your banker, public accountant or auditor, all of whom have many dealings with lawyers and are familiar with your business and your needs. Do not hesitate to inquire at the courthouse about the status of your prospect. You should, of course, talk to business friends whose discretion is to be trusted, and if there are any lawyers who are disqualified from being your counsel because of conflicting interests you might even want to seek their advice.

PERSONAL INTERVIEW

When you are satisfied that you have learned enough about the general practitioners or law firms of your community, telephone the man of your choice or the head of the firm you have chosen, and ask him if you may call upon him at his office. (The impression which the law office itself may make upon you may well be an important factor in the making of your selection.)

- ***Questions to Ask.*** If you get an interview with a member of a law firm, don't hesitate to ask him about the age, education, legal qualifications and experience of those practicing in his office who might handle the work of your company. You ought to tell him a little about your business set-up, and he should explain what specialists his office has who might prove of service to you. You are entitled to know who the principal clients of the law office are (so as to make sure that it represents no one whose interests conflict with yours), how broad is the firm's practice and how wide its experience. You will want to know how well the office is equipped, time wise, to represent you. Time is the lawyer's most important stock in trade. If he or his office is not busy, you should be cautious and get more information about him from other sources. If he is very busy, you will want to make certain that your problems will not find themselves on the rear burners of any legal stove.

- ***Hiring a Law Firm.*** If you intend to hire a law firm, there are two key questions that you should ask at your initial interview. First, how is the work allocated as between partners and associates, and between the younger and older men? This is of vital concern to you because you will pay a good deal more for the services of senior partners than for those of junior partners, and more for the latter than for the work of the junior associates.

Second, you are entitled to know from the beginning how the law firm handles the question of fees. Most well-managed law offices follow sound principles of cost accounting and base fees upon the amount of time devoted to the particular work. You are entitled to know what sort of time records they keep (and whether they will show them to you when you are billed). They may not be willing to have you pin them down on precise hourly rates charged by senior partners of the firm, but they may be willing to give you the range of rates charged for the work of younger partners and associates.

Such a discussion is a delicate one. But both you and the law firm will remain on more comfortable terms if this matter is placed on a businesslike basis from the very beginning.

THE DIVISION OF YOUR WORK

As it becomes evident that you are seriously considering retaining the lawyer whom you have sought out, he (if he is a member of a firm) should want you to meet other lawyers in his office. Of course, if he is a member of a large firm he may pick out only a few of his key partners, but they should be the members of his staff most likely to do the work of your company. Do not shy away from the suggestion that a number of different men may handle various aspects of your work. On the contrary, if you are going to retain a law firm, you should make the most of the opportunity to get the specialized knowledge of the lawyers in it.

- ***Building Teamwork.*** Obviously, if you do employ a firm the relationship between your executives and the various lawyers in that firm who may handle your work cannot be fully developed at the time of your first contact with the law office. That will be worked out over a period of time. You will be wise to ask the law firm to designate one man who will have the general responsibility for the legal work performed for your company and who will be, in effect, your contact man. There would normally be no reason why the senior partner of the firm either should or should not be that man, but in the beginning some businessmen feel more comfortable relying upon him.

- ***Who Should Do Your Legal Work?*** The law firm itself is generally best able to judge how your work should be allocated. However, it is *your* organization that has to be satisfied, and you are entitled to be heard on the subject. After you have had some experience with the firm, you should rapidly lose any feeling that all of your work should be taken to the senior partner level. You will probably want to rely on a senior partner for advice on questions of major importance. He may be the man who should appear for you in court. He should be your legal spokesman. But the bulk of your legal work can certainly be performed at lower levels.

REPRESENTATION ON A FINAL BASIS

If you are satisfied with the results of your initial discussion, you may suggest that your selected counsel undertake to do some legal work for you on an introductory or trial basis. He should not be offended by the suggestion and may, in fact, welcome it. He may know less about you than you do about him, and he may have some reservations about undertaking to represent you on a permanent or full-fledged basis. Obviously, if you are not altogether pleased with the results, you should start to review other possibilities before becoming too heavily involved with your first choice.

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HOW BUSINESS PUBLICATIONS HELP SMALL BUSINESS

By *F. A. Phair*, Past President, Society of Business Magazine Editors;
and Past President, New York Business Paper Editors

SUMMARY

Business publications make available a wide range of technical and management information which can be valuable to small business owners and operators. This material includes research data, legislative analyses, trade news, facts on personalities and trends, and statistical reports. There are three main types of business publications: Industrial for the manufacturing field; merchandising for the retail, wholesale, and service fields; and professional, for such groups as doctors and architects. These publications, as a rule, make little effort to entertain readers; they seek instead to instruct, to interpret facts, and to guide. Consistent reading, therefore, yields the best results. In many cases, the head of a business will look over all issues first, mark certain items, and then send them on to members of his staff. Marketing studies of various types are made by business publications; results are summarized and published. Reprints and indexes of articles are supplied. Valuable unpublished data is collected and kept on file. Legislative developments are evaluated. In addition, the business press has sought over the years to be a positive force in improving industry and trade conditions.

Today, in the United States alone, there are some 2,030 business publications, with a combined circulation of 37,984,880 copies. Not all those publications, of course, carry on each of the activities discussed in this Aid. Broadly speaking, about 400 offer a substantially complete range of services. Basically, these publications are devoted exclusively to one industry, one material, or to a certain type of business or profession. Circulation is usually, but not always, restricted to people actually engaged in the business served.

TYPES OF PUBLICATIONS

Business papers normally fall into three main categories - industrial, merchandising, and professional. In general, "industrial" types deal with activities involved in manufacturing. Included in this category are the journals that cover mining, refining, chemical processing, and the like. Another aspect of manufacturing that would fall into this group is a particular management responsibility, such as purchasing or maintenance. While there are many other subdivisions, all are designed to meet the interests of some phase of manufacturing.

In the second type of business publications, are the "merchandising" group, directed to men concerned with various aspects of selling goods - - usually consumer goods. Examples of this type would be the journals that go to retailers of jewelry, shoes, hardware, variety items, groceries, and so on. Nearly every phase of a merchandising activity is embraced by the editorial content of this type of publication. Typical subjects are the supervision of store clerks; store layout; bookkeeping; advertising, and promotion. These publications are often very active in telling about new products introduced on the market and available for sale through a given type of retail outlet.

In the third basic group are the "professional" publications directing their editorial content to the interests of such professional people as doctors, consulting engineers, design engineers, registered nurses, and architects.

Within these three broad limits are publications devoted to the interests of practically every type of businessman in the United States.

Some publications, of course, overlap two categories. Others do not fit exactly into any one group, but are usually assigned arbitarily to the group that reflects most accurately their particular approach.

TYPICAL CONTENTS AND STAFF

A business publication will commonly consist of a feature-article section, a news section, perhaps a market section, some pages describing new products, and possibly a section containing news and market reports from key cities. Some publications come out every week, some every two weeks, and some monthly - - depending upon the requirements of the line they deal with.

Many make it a regular practice to publish statistics on past prices, production, marketing trends, and so on, either in regular issues or in a special number issued periodically. You will find that these numbers can be especially valuable for reference.

Sometimes a large staff of editors, reporters, artists and others will be used to put out each issue of a big publication. In addition to a headquarters staff, they may have full-time editors or correspondents in key cities both in this country and abroad. Such editorial staffs gather and screen a tremendous quantity of material to sift out the information that will be most interesting and helpful to their readers.

The outstanding difference between a general, or consumer magazine and a businesspaper is that the business publication makes little effort to entertain readers. Rather, it endeavors to instruct, to interpret facts, and to guide you to more successful business operations.

GETTING THE VALUE FROM BUSINESS MAGAZINES

An appropriate description of the business journal is: "A continuing textbook." You get the greatest value if you follow a program of consistent and orderly reading. Make an effort to allot time for reading *each issue*, as you get it. Or you may prefer to have copies mailed to your home so that you can read them carefully on your own time. One common practice you might follow is to read an issue and mark items of particular interest for the attention of others on your staff. This will help assure that no one will miss information that is of value in his work.

In addition to the copy delivered to your home, other copies could be directed to certain key officials at the plant to enable them to get information more promptly. A file of back numbers also should be kept for reference. This is especially important where past marketing or production figures are involved.

Another effective technique is to attach a routing slip to the cover of an issue to show the names of people who should see it. After each one has done so he initials the slip and passes it along to the individual next on the list. In that way every key person has a chance to read each issue.

RESEARCH INFORMATION

As an added service to readers and advertisers, business publications are continually carrying on research on a variety of subjects. These projects seek to learn more about the way industry functions, what its problems are, and what are its needs. Results of these studies are usually available to readers.

These investigations cover, for example, the types and quantities of material used in an industry, the location and size of plants, the number of people employed, income levels, buying influences, production rates, business conditions, and types of equipment used.

The findings generally supplement information that is available in statistics compiled by the U. S. Department of Commerce and other Governmental agencies. The typical distinction is that businesspapers are usually interested in more individualized and detailed data than is ordinarily feasible for Government reports.

In some cases, special research for a particular company will be conducted by a publication. This is an important service and, when available, can be very useful to a small business manager. It can supply market information that might otherwise be impossible for you to obtain.

Like most small business owners, you may not have facilities or money to undertake extensive research programs. And knowing this fact, editors of business publications make special efforts to publish reports on the activities and findings of larger firms which do have research departments. Very often these reports contain information that you can apply effectively in a smaller plant as well. This is especially true in the engineering, design, and production fields.

Also, research reports on market developments can be of continuing help in determining the competitive trends to which you must react in your own field. Consequently, most business editors make constant efforts to supply the kind of information that will enable you to anticipate trends.

SOME USEFUL SPECIAL SERVICES

Business publications often provide reprints of outstanding articles either free or at a small charge. Sometimes, if separate reprints are not available, a paper will, upon request, send you extra "tear sheets" (pages torn from a complete issue) of a particular article or item in which you are interested and want to have for other members of your staff. Do not hesitate to write to an editor when you would like an extra copy of one of his publication's features.

Many publications issue an annual or semiannual index of articles they have printed. These indexes provide a simple way of locating material for later reference. They can be especially helpful when you use them in connection with a file of back copies.

Another significant service of many businesspapers is reporting on the activities of outstanding personalities in the industry. Accounts of personnel shifts, promotions, awards and so on, can keep you posted on significant changes. Such information can be valuable in maintaining accurate records on your customers and on developments that may take place in the management of competing firms.

Apart from the material that actually appears in print, there is also a great deal of supplementary data collected by the editors but not of sufficient general interest to warrant publication. This is particularly true of information on production, and design trends. For that reason, if you have a particular problem that has not been covered by the published material, do not hesitate to write to the editor outlining the situation and asking if he can supply you with additional information or suggestions.

Here is an example of how you might use this service: Assume you are thinking of developing a new product to put on the market, but do not know the buying potential of that market. By writing to the editor of the publication covering your prospective field of operation you often can obtain detailed information on the market that can be used in estimating its potential. If the product you are developing is in a confidential stage, do not hesitate to so advise the editor. He will treat it accordingly. Editors, as a matter of ethics, respect the confidence of their readers.

Most publications maintain a comprehensive file of Government reports concerning their industries. You may, for instance, not be certain about exactly the type of statistics that are available from various Government bureaus. An inquiry addressed to the publication in your field will usually bring you a prompt explanation of what types of data are compiled and where you can get them.

Here is another example: Suppose that you are planning to change the design of your product to substitute one material for another. You might well want to know the history of changes in the price of the new material to guide you in setting your own prices. Such information can be quickly obtained by writing to a business publication.

There is yet a further way in which you can use businesspapers. If you introduce a new product or a new material or a new design, send a description and, if possible, a photograph to the business publications which cover that field. If the editors feel that the new item is of general trade interest, they will publish a description of it. This, of course, is good public relations and can be valuable in developing business.

Most publications contain a classified advertisement section which you can use in locating new help, in getting in touch with new salesmen or manufacturers' representatives, and in disposing of or locating unusual machinery or material. Some publications also provide a direct mailing service to key personnel in an industry. This service may be used, at a relatively small fee, by advertisers and readers for sending to key people material that is not suitable for use as an advertisement.

ANALYSIS OF LEGISLATIVE DEVELOPMENTS

A further service that can be highly significant to small business owners is the interpreting of legislative developments at the State or regional level, and in Washington.

Many publications have regular columns which report and evaluate legislative developments as they affect the particular interests of the magazine's readers. These comments are usually written by specialized editors who have their headquarters in Washington or other legislative centers. Reports are prepared independently and exclusively for the particular publication. You may find these analyses an important time-saver in keeping abreast of legislative developments that may affect your business.

In addition to the published information which they prepare, business editors are ready to help you in locating specialized information that may exist in various Congressional reports and hearings. And if you plan to make a personal visit to Washington on business, editors are usually willing to advise you as to how to proceed and whom to see.

IMPROVING INDUSTRY AND TRADE CONDITIONS

Businesspapers have a continuing interest in the welfare of the industry, trade, or profession which they serve. This interest, together with an ability to see problems in a more objective light than the average reader, puts them in a position where they can, and frequently do, exert considerable influence on trade practices and conditions.

In this way, they often take the lead in efforts to improve conditions in an industry. Sometimes their efforts are towards ending practices that are detrimental to fair competition. In other instances, they encourage the use of more efficient techniques.

In still other cases, they seek improved conditions for health and safety. Over the years, the business press has played an important role in encouraging and assisting industry, trade, and the professions to a better operating climate both internally and externally, and to better management.

FINDING ADDITIONAL INFORMATION

If you are operating a business, or planning to enter some field of business activity, you can quickly obtain information about the publications serving that field by addressing an inquiry to any of the following organizations:

Society of Business Magazine Editors, 1015 National Press Building, Washington 4, D. C.

Associated Business Publications, 205 East 42nd Street, New York 17, New York.

National Business Publications, 1413 K Street, N. W., Washington 5, D. C.

In addition, you may find it helpful to consult either or both of the following publications:

Standard Rate and Data Service (Business Publications) published by Standard Rate and Data Service, Inc., 1740 Ridge Ave., Evanston, Ill. Subscriptions to the service of which this is a part are $27.50 per year.

[illegible]rket Data and Directory Number of Industrial Marketing, published by Advertising Publications, Inc., 200 E. Illinois St., Chicago, Ill. Issued in June of each year, $1.50 per copy.

These publications may be consulted in the reference section of many public and business libraries.

SMALL BUSINESS ADMINISTRATION

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HOW TRADE ASSOCIATIONS HELP SMALL BUSINESS

By *Reuel W. Elton*, Formerly Executive Vice President,
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Trade associations have practical, dollars-and-cents services to offer businesses of all sizes, but primarily they are advisors to small concerns. As the American Bar Association's Committee on Trade Associations once reported: ". . . those who benefit the most from trade association activities are the smaller . . . members of the industry. The trade association is their shield against those forces tending to greater integration and monopolization in their industry."

The reasons for this conclusion are these: On the one hand, really big business is usually capable of caring for its own staff needs. It nearly always can provide its own promotion departments, legislative research, sales research, public and labor relations, technical specialists, and so on. On the other hand, small manufacturers ordinarily cannot afford, all by themselves, to pay for all the information and services they need to stay successful in the highly competitive business world of today.

The small businessman actually cannot afford to do without services and information. How then, can he obtain these services—at a reasonable price? One answer is through a membership in a trade association. Through an association, small businessmen can cooperate with others of their industry to secure the necessary information and services without burdensome cost.

TYPES OF SERVICES

All right, you say, if trade associations help small business, what are some of the things they actually do? Basically they render many kinds of practical services. Recently, a survey was conducted among top executives in trade associations dealing extensively with the problems of small business. These executives were asked to list, in order of their importance, the significant services their groups performed for small companies. Here are some of the things they considered most important:

(1) Promoting better accounting and record-keeping methods.

(2) Sponsoring industry-wide meetings and developing leadership within the industry.

(3) Operating a liaison service between Federal agencies, the Congress, the industry, and its individual members. Some trade associations also provide liaison service for their members with State and local governments.

(4) Providing publicity and public relations programs for the industry.

(5) Fostering industry-wide technical research.

(6) Maintaining a labor relations service within the industry designed to prevent work stoppages and promote industrial harmony.

(7) Issuing special information bulletins to their members. These bulletins report on current affairs affecting the industry, on Government orders and legislation, and other, similar matters.

(8) Gathering statistics for the industry.

(9) Publishing specialized data concerning their industries. Many of these relate to such activities as promoting sales, educating the public to possible uses of the industry's products, or attracting qualified individuals into employment within the industry.

(10) Offering training courses to employees of member companies.

(11) Supplying other services to the industry such as credit reporting services, savings on the purchase of insurance, and varied economic studies.

(12) Furnishing the industry with specialized technical advice that few small members, individually, would be able to afford.

Although those are only some of the services that trade associations provide, they clearly cover a lot of ground. Therefore, to permit a clear understanding of what is offered, here is a brief consideration of a few of these activities and their impact upon business, particularly small concerns.

A CLEARING HOUSE FOR INFORMATION

One of the primary functions of a trade association is to keep its members abreast of events and conditions which may affect them. Thus, the association acts as a clearing house for information passing between members of the industry, between the industry and Government, and between the industry and the general public. This exchange of knowledge may take many forms.

For example, some industries have associations which promote extensive research projects aimed at increasing fundamental knowledge about technical processes. One of the associations maintains a model operating plant as a guide to its members. From it, cost-cutting ideas and new operations are learned and passed around for all to share. Along the same line, other associations have various technical committees, organized to keep specifications and product standards at a uniformly high level.

Still other associations take the lead in sales promotion within the industry. Dissemination of sales ideas, preparation of sales material, and training of members' sales personnel are examples of the work they do to keep business within their industries healthy and brisk.

Training courses for numerous types of personnel are often sponsored by trade associations. Usually, they are in a better position to undertake such activities than are individual member companies. One group, for instance, sponsored a notably successful campaign to improve the standard of courtesy which the employees of its members showed to customers.

Surveys are also an important facet of the function as a clearing house for information. Economic analyses, and studies of such factors as wages, salaries, sales, and labor conditions, are fairly standard undertakings.

In acting as an information center, most trade associations issue some kind of regular report to their members: a newsletter, a bulletin, or a magazine. Quite often the larger associations offer a combination of one or more of these. But the newsletter or news bulletin is the most common.

Generally, the association report contains a wide variety of information of practical value. A typical case in point is a weekly news bulletin issued by an association of copper and brass warehousemen. It contains news about Government agencies, Congressional actions, and other business items of interest to the industry. It also lists products which certain members find in short supply while other members find them slow-moving and burdensome in their inventories. Often an item in great demand in one section of the country will find little current call in another and vice versa. Many mutually beneficial transactions have been made through the medium of the association newsletter. Members frequently report that profits on these transactions have paid their dues for a year or more. Other associations can tell the same kind of story.

TRADE ASSOCIATIONS AS INTERPRETERS

The trade associations are characteristically "organizations in the middle." One of their primary roles is that of interpreter. For example, they stand between Government and business, interpreting Government actions and attitudes to business, and vice versa. Some of the ways in which they interpret business to Government are through testifying at Congressional hearings on matters affecting the industry, appearing in proceedings before Government agencies and regulatory bodies on affairs of concern to the industry, and contributing to precedent-making cases before the courts.

Similarly, trade associations interpret Government to business by informing business of the attitudes and problems of various Government bodies, and by making available to members information which the Government is anxious to get into the hands of businessmen.

Trade association executives often cooperate with the Government by serving voluntarily without pay on various Government advisory boards. The Advisory Committee on Federal Reports is a good example of Government-association-industry cooperation.

Trade association executives also consult with Federal officials on forms proposed for issue by the Government. By carefully reviewing such forms, and making suggestions for improving them, the group saves the Government and association members large sums of money in terms of time and effort.

In addition, trade associations, as statistics-collectors for their industries, make freely available to Government bodies numerous facts which it would otherwise cost millions of tax dollars to collect. It takes millions of *facts* to run a government. They are needed to guide legislators in making sound laws, and to help administrators in operating under them.

Trade associations help both business and Government by making available to the Government specialized facts about their industries to which only they have access.

In much the same way, trade associations are middlemen in public relations matters between their members and the man in the street. They interpret the industry to the public and the public to the industry.

DIRECT SERVICES TO MEMBERS

The primary approach of trade associations is industry-wide. Typically, they take a broader view on problems and trends facing the industry than do any member companies, as individual concerns. Associations try to consider the public interest, and the industry interest, as well as the interest of their particular companies in making decisions.

Most of the direct trade association services arise out of a special need or problem in the particular business concerned. And most of the requests for individual service come from small businessmen. These direct services to members cover a wide range of problems. They constitute, for many business managers, the most compelling reason for belonging to the association. Here are some recent, actual examples.

One member of an association of companies manufacturing conveyors found that, by following a suggestion in the association bulletin concerning the use of a Government form, he was able to save four times the cost of his yearly dues.

Another company executive, spurred by a question put to him by his association ended up by rearranging his entire production system—with considerable saving.

After the end of World War II, one trade association conducted a "swap" program which resulted in a number of trades within the industry, bringing needed material to some member companies and moving "dead" inventory from others.

Another association "went to bat" for a member who faced a heavy lawsuit for the death of an individual whose heirs claimed the member was negligent. Research data and other material furnished by the association completely exonerated the company. That association also furnishes laboratory services to members for analyzing damage claims submitted, and often saves them more than the cost of membership by helping them avoid paying false claims for damages for which they are not responsible.

ASSOCIATION-GOVERNMENT COOPERATION

Another point worth considering is the importance to individual small businesses of having a trade association cooperating with various agencies of the Government. To illustrate, here is an incident which occurred in the porcelain-enameling industry. With the outbreak of World War II, the industry was put in jeopardy because of materials shortages. The trade association, having already considered this possibility, had surveyed Government requirements and was able to call attention to the availability of porcelain-enameling furnaces for heat treating—one of the industrial bottle-necks which the Government was anxious to break.

Through the association's activities, conferences were held between procurement officers, contractors, and industry representatives. The result was that many member firms were able to go into defense work immediately. The association also helped the Government place contracts for bombs, electronic equipment, and many other products among its members—none of whom had previously done that kind of work.

Many of the industrial achievements of World War II were helped toward accomplishment by trade associations. A typical example of this was the liaison service set up shortly after the start of the Korean conflict by an association of radio and television manufacturers. This program, of particular benefit to small members of the industry, brought small manufacturers into contact both with holders of prime contracts and with procurement officers for purposes of subcontracting.

Other associations are constantly aiding their small members by pointing out hardship cases to the Government officials responsible for materials allocations. The president of an association of magazine publishers, for example, said that during times of paper shortage, most of the hardship requests came from small publishers—the big ones being more self-sufficient. The association kept many small publishers in business by bringing their need for emergency supplies of paper to the attention of the proper Government officials.

Some of the most important services which trade associations offer stem from the common problems of smaller members. An example of this is the development of model accounting manuals for their industry. Personnel problems, too, have become fairly acute during the last decade. Manuals and training courses have grown out of knowledge and experiences acquired by many associations in helping an individual member company solve its personnel problems. The association headquarters often provides an excellent place to pool the knowledge each member has gained in solving its particular problems.

One other noteworthy way in which associations and Government have worked together is illustrated by a directory titled, *Directory of National Associations of Businessmen*. It contains an extensive listing of such groups. It was issued in 1960 by the Department of Commerce, and was prepared by Jay Judkins, Chief, Trade Associations Division, Office of Domestic Commerce. Copies may be purchased from the Superintendent of Documents, Washington 25, D.C. for 50 cents each.

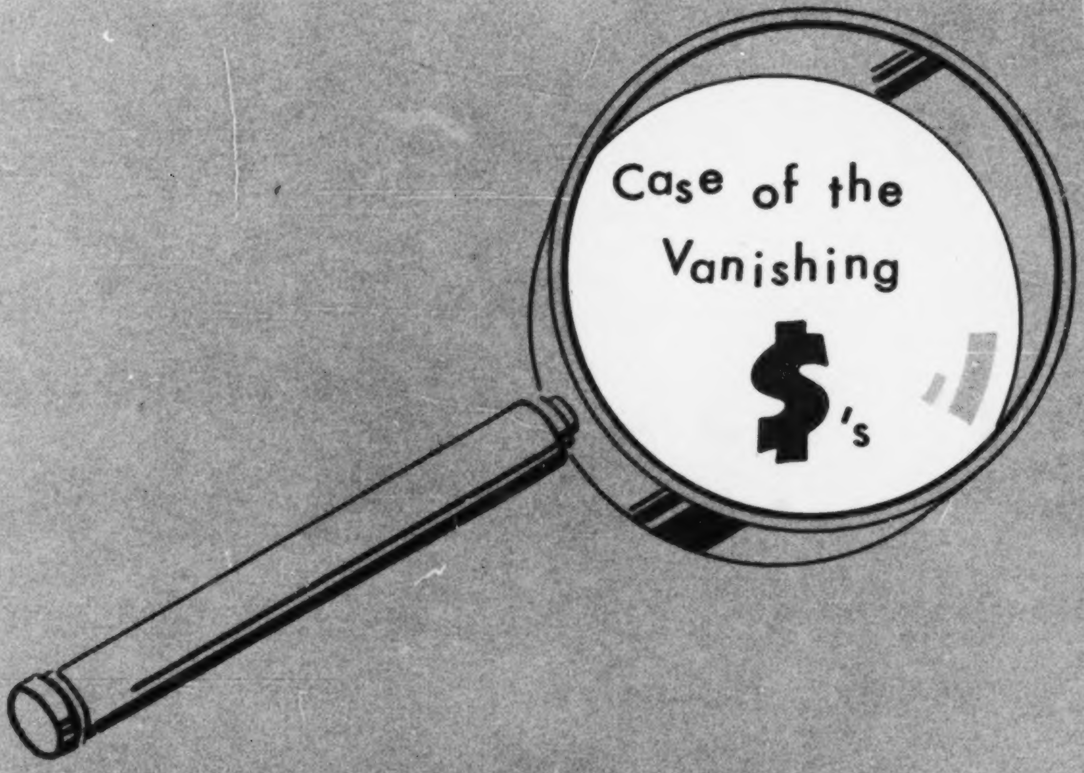
HOW MUCH DOES IT COST?

Naturally, one of the things about trade associations which is of most interest to small manufacturers is the question—how much does it cost to belong to a trade association? The dues, of course, vary according to the group and the amount of services it renders.

The American Society of Association Executives, an organization of trade association managers, found that dues were typically a fraction of 1 percent of the members' annual volume of business. Some associations charge a flat, uniform rate. A few use a combination figure derived from the annual volume of business and specific flat rate. Many groups also have a ceiling on the dues they charge.

Among state and national associations, an annual payment of dues is the most common method. Local associations often assess dues by the month instead of annually or semi-annually.

Considering the services rendered, the forward-looking small manufacturer may regard trade association dues not so much as an expense, but as a form of investment for improving his company.



CASES IN POINT

Case Studies for Depth Penetration

Section

The case method has proven stimulative and effective in many administrative management courses. The following case material is suggested as a means of encouraging discussion.

It is suggested that one full session be devoted to the presentation of the topic as outlined in this manual. A case can sometimes be used to stimulate or augment the discussion period that follows the presentation. This could be one way of expanding the basic materials into an advanced course on the subject.

THE CASE METHOD OF STUDY

The case method is a teaching device that helps the student learn through the processes of reasoning and decision making. Other popular teaching techniques stress learning or memorizing other people's knowledge on a given subject. The case method stresses thinking abilities rather than memory; it is dynamic, not passive.

What is a case? It is a description of an actual or true-to-life business situation. It is a statement of facts, opinions, and judgments—in short, a problem having no pat answer but lending itself to discussion and analysis.

The case method is particularly helpful in teaching businessmen because it uses real, practical problems rather than abstract situations. Properly used, it involves the participants in a way that will hold their interest and stimulate their thinking. It is particularly useful in developing in the individual (1) the ability to make decisions on administrative tasks (without incurring the penalties of a wrong decision on the job); and (2) the habit of thinking analytically and constructively.

The case method also highlights the value of group discussion and analysis. Each member of the group contributes from his unique experience, and each participant gains from the others. The group's knowledge and experience will exceed that of any one participant—including the instructor.

The following checklist can serve as a procedure for conducting case study and analysis:

Suggestions for Case Study

1. Read the case carefully for general content.
2. Arrange the facts of the case in order of importance.
3. Recognize and define the major problem(s) needing solution.
4. Analyze the problems and their relative importance.
5. Search for and establish alternative solutions.

6. Select the most desirable of the appropriate solutions.
7. Analyze your probable solutions; set up the pros and cons, giving value to each.
8. State your choice, decision, or final conclusion—and be prepared to defend it.
9. Set forth the plan or plans you would follow to implement the decision.

INTERPRETING MARKET RESEARCH DATA

The Yankee Laundry Co.

As an independent laundry owner, Joseph G. Murray of Boston, Mass., is deeply concerned with the operation of his business, the Yankee Laundry Co. He wants to keep in touch with developments in the marketing of laundry services and is a firm believer in using facts, not guesswork, as a reliable guide.

Murray realizes that many changes have occurred in market conditions during the past 10 years and he wants to get a current picture of the family laundry market. After talking with several business associates and consulting his local laundry association, he found that a survey on the use of family laundry services was published recently. After reading this survey, Murray was confronted with the task of interpreting the meaning of these results to himself.

The study covered thousands of door-to-door interviews carefully selected to give a typical cross section of all urban families in the United States (interviews were conducted in cities and towns of 2,500 or more population). Obtaining accurate and impartial data was paramount throughout the entire study. The *family* laundry market was selected for study because it is the mainstay of the average laundry.

Murray had an opportunity to make notes of the following questions and answers taken from the survey (**NOTE:** all figures in percent):

How many families use the laundry?

Regular (send all regular family washing to the laundry)	10
Irregular (all laundry part of time or part of it all the time)	27
Former (used to send washing to laundry, but no longer)	30
Never (have never used laundry service)	33
Total	100

What kind of family service is used?

Service used	*Families using*	
	Regular customers	*Irregular customers*
All finished	57	56
Damp wash (flat work ironed)	24	19
Damp wash	10	7
Shirts only	0	8
Fluff dry	7	6
Other	2	4
Total	100	100

How many send specialties to the laundry?

Regular	57
Irregular	46

And what specialties do they send?

Specialty	*Families sending*	
	Regular customers	*Irregular customers*
Blankets	49	36
Curtains	26	19
Slipcovers	13	13
Bedspreads	5	4
Quilts, comforters	2	3
Rugs, mats	1	2
Miscellaneous	3	4

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How frequently is washing sent to the laundry?

Frequency	*Families sending*	
	Regular customers	*Irregular customers*
Every week	62	54
Every 2 weeks	31	29
Every 3 weeks	4	3
Every month	3	5
No regular time	0	9

What is the makeup of families using laundries?

	Percent of U.S. families
Size of family:	
1–2 persons	43
3–4 persons	36
5 or more persons	34
Dwelling:	
One-family	31
Two-family	34
Multiple-family	52
City size:	
Over 100,000	45
Under 100,000	29
Age of housewife:	
Under 30	39
30–39	36
40–49	39
50–59	37
Over 60	36
Income:	
A group (top)	58
B group	42
C group	32
D group (lower)	32

Main reasons given for use of laundry (multiple answers).

	Regular customers	*Irregular customers*
Laundry does good work	33	33
More convenient	27	27
Lack facilities at home	30	22
Reduces housework	18	17
Some articles too dificult to do at home	6	16
Like laundry ironing and finishing work	9	15
Have no time for it	21	8
Don't like to wash and iron	13	6

Main reasons given for nonuse of laundry (multiple answers).

	Former customers	*Never use laundry*
Too expensive	52	50
Laundry hard on clothes	46	31
Rather do my own	44	55
Have own facilities	39	23
Laundry loses articles	23	8
Used it when sick	14	0
Laundry doesn't clean clothes well	12	6
Have more time to do it	12	5

For regular and partial customers: Are you entirely satisfied with the laundry?

Yes	33
No	63
Don't know	3
No answer	1

Of those replying "No," the following main reasons were given (multiple answers).

	Laundry customers
Laundry hard on clothes	33
Laundry loses articles	22
Laundry doesn't clean clothes well	12
Too expensive	10
Ironing not well done	9
Laundry takes too long	4

Why did you start using your present laundry?

	Regular customers	*Irregular customers*
Recommended by friend or relative	39	30
Laundry conveniently located	8	15
Heard it did good work	7	8
Driver suggested it	5	7
Saw it advertised	5	6
Only laundry available	4	3
Trial and error	2	2
Business was solicited	2	2

Murray realized this nationwide study might not have obtained the same answers if calls had been made in the Boston area only. However, he believed that the study probably indicated, within reasonable limits, the conditions in the Boston family laundry market. Certainly, the results could be used to establish some preliminary concepts; and several competent research authorities in the area shared this opinion.

Questions

1. Based on the supplied data, is there such a thing as "a typical laundry family?" Substantiate your answer.

2. What market—family characteristics and present laundry status—do you feel Murray should probably cultivate in order to increase his business? Why?

3. Would you recommend the use of the same selling appeals for regular and for irregular customers of the company? Why?

4. What type of sales-promotion program do you recommend to win present nonusers to the use of the laundry?

5. Based on this survey, what major conclusion do you feel Murray can make?

THE INCUBATOR

A How To Do It

Section

Experience has shown that people achieve maximum benefit from a conference, staff meeting, or training session when a period of incubation follows the implantation of the new idea, new information, or "new slant."

This is a do-it-yourself section that will allow the participants to try out or apply the ideas and information gained from this session.

This material may be reproduced locally for distribution to course participants.

SUGGESTED INCUBATOR ASSIGNMENT

20 Questions on Sources of Business Information

The following 20 questions can serve as a brief mental exercise to highlight some useful points on business information and where to get it. Please read carefully both the first part of each statement and the five alternative conclusions. Check the *one conclusion* which in your judgment best completes the sentence.

Sample: The world's most celebrated fictional detective is:

(a) Philo Vance	(c) Ellery Queen	(e) Sherlock Holmes
(b) Hercule Poirot	(d) Charlie Chan	

Privately, you might believe that Dick Tracy would be the proper choice, but since he is not listed, item (e) Sherlock Holmes would be the best of the five possibilities.

You will have *10 minutes* to answer the following 20 questions.

PLEASE WAIT FOR SIGNAL BEFORE TURNING PAGE.

1. Among the many specialized trade associations and societies in the United States, those of national scope number about:

   (a) 300
   (b) 2,000
   (c) 4,500
   (d) 8,000
   (e) 12,000

2. To obtain a comprehensive current listing of national trade associations and professional societies, a manager would consult:

   (a) *National Associations of the United States*
   (b) *Directory of National Associations of Businessmen*
   (c) *Encyclopedia of Associations—Vol. I*
   (d) All of the above
   (e) None of the above

3. In addition to the national associations and societies, there are regional and local groups numbering about:

   (a) 600
   (b) 2,000
   (c) 7,500
   (d) 11,000
   (e) 15,000

4. The Association of Consulting Management Engineers estimates that there are separate business consulting firms numbering about:

   (a) 1,800
   (b) 3,800
   (c) 7,000
   (d) 11,000
   (e) 21,000

5. Recent estimates place the value of the total billings of these concerns at around:

   (a) $ 75–99 million
   (b) $100–199 million
   (c) $200–299 million
   (d) $300–500 million
   (e) Over $600 million

6. Broadly speaking, the development of management consulting firms as we know them today dates from the period:

   (a) 1885–1916
   (b) 1917–28
   (c) 1929–39
   (d) 1940–50
   (e) 1951–61

7. To obtain a general picture of the scope of consulting services available to businessmen, a good first step is to:

   (a) Ask your business acquaintances
   (b) Get a copy of the *Directory of Consultant Members* from the American Management Association
   (c) Get a copy of "How the Management Consulting Profession Serves American Business" from the Association of Consulting Management Engineers
   (d) Read "Specialized Help for Small Business" (*Small Marketers Aid* No. 74) from SBA
   (e) All of the above

8. For information about conditions in a particular industry or trade, the best source would be:
    - (a) Small Business Administration
    - (b) Department of Commerce
    - (c) Treasury Department
    - (d) Department of Labor
    - (e) Better Business Bureau

9. For information about how to sell to the Federal Government, the best source would be:
    - (a) Small Business Administration
    - (b) Department of Commerce
    - (c) Treasury Department
    - (d) Department of Labor
    - (e) Federal Bureau of Investigation

10. For information about how to engage in international trade, the best source would be:
    - (a) Small Business Administration
    - (b) Department of Commerce
    - (c) Treasury Department
    - (d) Department of Labor
    - (e) Interstate Commerce Commission

11. For information about employers' requirements under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act, the best source would be:
    - (a) Small Business Administration
    - (b) Department of Commerce
    - (c) Treasury Department
    - (d) Department of Labor
    - (e) Federal Trade Commission

12. In developing a business reading program, a manager should see regularly at least:
    - (a) *Fortune, Esquire, Life,* and the *Wall Street Journal*
    - (b) *New York Times, Dun's Review and Modern Industry,* an appropriate trade publication, and *Nation's Business*
    - (c) *Business Week, Survey of Current Business,* New York *Herald Tribune,* and *Nation's Business*
    - (d) New York *Journal of Commerce,* local newspaper, *Life,* and an appropriate trade publication
    - (e) Local newspaper, *Business Week, Dun's Review and Modern Industry,* and an appropriate trade publication.

13. A well-rounded business reading program for managers, if done systematically and regularly, will typically require each week about:

    (a) 2 hours
    (b) 6 hours
    (c) 10 hours
    (d) 18 hours
    (e) 24 hours

14. The best way of keeping track of business information is to:

    (a) Maintain a functional clipping and filing system
    (b) Keep a notebook in which you write down important facts as you come across them
    (c) Dictate a summary of important data and new ideas each day to be typed and retained permanently
    (d) Set up a library in which to store back numbers of business periodicals and other printed matter
    (e) Assign the job to your secretary

15. Businesses wishing to obtain free information in answer to specific inquiries should write to:

    (a) National Industrial Conference Board
    (b) American Management Association
    (c) American Institute of Management
    (d) All of the above
    (e) None of the above

16. One way to avoid a biased appraisal of business developments is to:

    (a) Read only U.S. Government publications
    (b) Get your information only by talking with people
    (c) Read a selected group of publications chosen by yourself
    (d) Read a group of publications recommended by a management expert
    (e) Read only the material relating to your particular trade

17. The only annual directory of the U.S. Chamber of Commerce—covering 2,500 cities, 40 pages, price $1—is issued by:

    (a) National Research Council, 2101 Constitution Ave. NW., Washington, D.C., 20418
    (b) National Industrial Council, 918 Sixteenth St. NW., Washington, D.C., 20006
    (c) Chamber of Commerce of the United States, 1615 H St. NW., Washington, D.C., 20006
    (d) New York Chamber of Commerce, 65 Liberty St., New York, N.Y., 10005
    (e) U.S. Department of Commerce, 14th St. and Constitution Ave. NW., Washington, D.C., 20230

18. To locate institutions of higher education from which useful business information might be obtained, a good first step would be to:

(a) Inquire of the National Education Association
(b) Consult the Yellow Pages of your local telephone directory
(c) Inquire of the American Association of Collegiate Schools of Business
(d) Consult the appendix to *Webster's New Collegiate Dictionary*
(e) Inquire of the National Society of Business School Professors

19. To obtain information about the contents and prices of the various business management handbooks it would be worthwhile to write to:

(a) McGraw-Hill Book Co., 330 West 42d St., New York, N.Y., 10036
(b) Ronald Press Co., 15 East 26th St., New York, N.Y., 10010
(c) Dartnell Corp., 4660 Ravenswood Ave., Chicago, Ill., 60640
(d) All of the above
(e) None of the above

20. The Small Business Administration maintains permanent offices in:

(a) The 15 largest cities
(b) The 50 State capitals, but not in U.S. Territories
(c) 72 cities including U.S. Territories
(d) The 168 major metropolitan areas
(e) The States which went Democratic in 1964

ANSWERS:

1.—b, 2.—d, 3.—d, 4.—a, 5.—e, 6.—a, 7.—b, 8.—b, 9.—a, 10.—b, 11.—c,
12.—e, 13.—b, 14.—a, 15.—e, 16.—c, 17.—d, 18.—c, 19.—d, 20.—c.

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